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SENATE FILE

456

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1199)

Passed Senate, Date _____ Passed House, Date _____
 Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to economic development by creating a position of
 2 technology transfer advisor, creating a loan and credit
 3 guarantee program and fund, creating an economic development
 4 marketing board, providing for a business start-up information
 5 internet web site, creating a grow Iowa fund, making
 6 appropriations and related tax changes, making changes to
 7 urban renewal law and related taxes, and including effective
 8 date and retroactive applicability date provisions.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

TECHNOLOGY TRANSFER AGENT

Section 1. NEW SECTION. 7.23 TECHNOLOGY TRANSFER

ADVISOR.

Two technology transfer advisors shall be appointed by the governor, serve at the pleasure of the governor, and be located at offices at the university of Iowa and Iowa state university of science and technology. A technology transfer advisor is not a state agency and is not subject to chapter 17A. A technology transfer advisor shall do all of the following:

1. Facilitate the transfer of technology developed at the university of Iowa, the university of northern Iowa, Iowa state university of science and technology, community colleges, and private colleges and universities.

2. Coordinate the technology transfer activities at each of the public and private universities to encourage the implementation of best practices in technology transfer, establish measures of performance, and design programs of continuous quality improvement for each technology transfer office.

3. Establish technology transfer goals for the state.

4. Provide technical assistance to Iowa-based entrepreneurs associated with or unrelated to the universities under the control of the state board of regents regarding technology transfer-related issues. The technical assistance shall include assistance in the areas of patents and licensing, business development and management, finance, production, sales, and marketing.

5. Receive the technology transfer-related report submitted by the state board of regents pursuant to section 262.9, subsection 31.

6. To ensure economic growth, serve as a coordinator between Iowa-based businesses and businesses intending to locate in Iowa.

1 Sec. 2. Section 15.108, Code 2003, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 12. TECHNOLOGY TRANSFER ADVISORS. The
4 department shall cooperate with and provide staffing support
5 to the technology transfer advisors appointed pursuant to
6 section 7.23.

7 Sec. 3. Section 262.9, Code 2003, is amended by adding the
8 following new subsections:

9 NEW SUBSECTION. 29. Actively encourage and promote the
10 transfer of technology and research at universities under the
11 control of the board to commercial application, including the
12 start-up of business entities.

13 NEW SUBSECTION. 30. Give preference and technical support
14 to those faculty members and staff members desiring to obtain
15 licenses for intellectual property rights created in whole or
16 in part by the faculty member or staff member. However, such
17 preference shall not be construed to be a right accruing to
18 that faculty member or staff member.

19 NEW SUBSECTION. 31. By January 15 of each year, submit a
20 report to the governor, through the technology transfer
21 advisors, and the general assembly containing information from
22 the previous calendar year regarding all of the following:

23 a. Patents secured or applied for by each university under
24 the control of the board delineated by university and by
25 faculty member and staff member responsible for the research
26 or activity that resulted in the patent. In the initial
27 report filed by January 15, 2004, the board shall include an
28 inventory of patent portfolios with details concerning which
29 patents are creating financial benefit and the amount of
30 financial benefit and which patents are not creating financial
31 benefit and the amount invested in those patents.

32 b. Research grants secured by each university under the
33 control of the board from both public and private sources
34 delineated by university and by faculty member and staff
35 member. The board shall also include the same information for

1 grant applications that are denied.

2 c. The number of faculty members and staff members at each
3 university under the control of the board involved in a start-
4 up company.

5 d. The number of grant applications for research received
6 by each university under the control of the board for start-up
7 companies, the number of applications approved, and the number
8 of applications denied.

9 e. The number of agreements entered into by faculty
10 members and staff members at each university under the control
11 of the board with foundations affiliated with the universities
12 relating to business start-ups.

13 f. An accounting of the financial gain received by each
14 university under the control of the board relating to patents
15 sold, royalties received, licensing fees, and any other
16 remuneration received by the university related to technology
17 transfer.

18 g. The number of professional employees at each university
19 under the control of the board who assist in the transfer of
20 technology and research to commercial application.

21 Sec. 4. This division of this Act is repealed July 1,
22 2008.

23 DIVISION II

24 IOWA ECONOMIC DEVELOPMENT

25 LOAN AND CREDIT GUARANTEE FUND

26 Sec. 5. NEW SECTION. 15E.221 SHORT TITLE.

27 This division shall be known and may be cited as the "Iowa
28 Economic Development Loan and Credit Guarantee Fund Act".

29 Sec. 6. NEW SECTION. 15E.222 LEGISLATIVE FINDING --
30 PURPOSES.

31 1. The general assembly finds all of the following:

32 a. That small and medium-sized businesses, in general, and
33 certain targeted industry businesses and other qualified
34 businesses, in particular, may not qualify for conventional
35 financing.

1 b. That the limited availability of credit for export
2 transactions limits the ability of small and medium-sized
3 businesses in this state to compete in international markets.

4 c. That, to enhance competitiveness and foster economic
5 development, this state must focus on growth in certain
6 specific targeted industry businesses and other qualified
7 businesses, especially during a time of war.

8 d. That the challenge for the public economic sector is to
9 create an atmosphere conducive to economic growth, in
10 conjunction with financial institutions in the private sector,
11 which fill the gaps in credit availability and export finance,
12 and that allow the private sector to identify the lending
13 opportunities and foster decision making at the local level.

14 2. The general assembly declares the purposes of this
15 division to be all of the following:

16 a. To create incentives and assistance to increase the
17 flow of private capital to targeted industry businesses and
18 other qualified businesses.

19 b. To promote industrial modernization and technology
20 adoption.

21 c. To encourage the retention and creation of jobs.

22 d. To encourage the export of goods and services sold by
23 Iowa businesses in national and international markets.

24 Sec. 7. NEW SECTION. 15E.223 DEFINITIONS.

25 As used in this division, unless the context otherwise
26 requires:

27 1. "Financial institution" means an institution listed in
28 section 422.61, subsection 1, or such other financial
29 institution as defined by the department for purposes of this
30 division.

31 2. "Program" means the loan and credit guarantee program
32 established in this division.

33 3. "Qualified business" means an existing or proposed
34 business entity with an annual average number of employees not
35 exceeding two hundred employees. "Qualified business" does

1 not include businesses engaged primarily in retail sales, real
2 estate, or the provision of health care or other professional
3 services. "Qualified business" includes professional services
4 businesses that provide services to targeted industry
5 businesses or other entities within and outside of this state.

6 4. "Targeted industry business" means an existing or
7 proposed business entity, including an emerging small business
8 or qualified business which is operated for profit and which
9 has a primary business purpose of doing business in at least
10 one of the targeted industries designated by the department
11 which include life sciences, software and information
12 technology, advanced manufacturing, value-added agriculture,
13 and any other industry designated as a targeted industry by
14 the loan and credit guarantee advisory board.

15 Sec. 8. NEW SECTION. 15E.224 LOAN AND CREDIT GUARANTEE
16 PROGRAM.

17 1. The department shall, with the advice of the loan and
18 credit guarantee advisory board, establish and administer a
19 loan and credit guarantee program. The department, pursuant
20 to agreements with financial institutions, shall provide loan
21 and credit guarantees, or other forms of credit guarantees for
22 qualified businesses and targeted industry businesses for
23 eligible project costs. A loan or credit guarantee provided
24 under the program may stand alone or may be used in
25 conjunction with or to enhance other loans or credit
26 guarantees, offered by private, state, or federal entities.
27 However, the department shall not in any manner directly or
28 indirectly pledge the credit of the state. Eligible project
29 costs include expenditures for productive equipment and
30 machinery, working capital for operations and export
31 transactions, research and development, marketing, and such
32 other costs as the department may so designate.

33 2. A loan or credit guarantee or other form of credit
34 guarantee provided under the program to a participating
35 financial institution for a single qualified business or

1 targeted industry business shall not exceed one million
2 dollars in value. Loan or credit guarantees or other forms of
3 credit guarantees provided under the program to more than one
4 participating financial institution for a single qualified
5 business or targeted industry business shall not exceed ten
6 million dollars in value.

7 3. In administering the program, the department shall
8 consult and cooperate with financial institutions in this
9 state and with the loan and credit guarantee advisory board.
10 Administrative procedures and application procedures, as
11 practicable, shall be responsive to the needs of qualified
12 businesses, targeted industry businesses, and financial
13 institutions, and shall be consistent with prudent investment
14 and lending practices and criteria.

15 4. Each participating financial institution shall identify
16 and underwrite potential lending opportunities with qualified
17 businesses and targeted industry businesses. Upon a
18 determination by a participating financial institution that a
19 qualified business or targeted industry business meets the
20 underwriting standards of the financial institution, subject
21 to the approval of a loan or credit guarantee, the financial
22 institution shall submit the underwriting information and a
23 loan or credit guarantee application to the department.

24 5. The department, with the advice of the loan and credit
25 guarantee advisory board, shall adopt a loan or credit
26 guarantee application procedure for a financial institution on
27 behalf of a qualified business or targeted industry business.

28 6. Upon approval of a loan or credit guarantee, the
29 department shall enter into a loan or credit guarantee
30 agreement with the participating financial institution. The
31 agreement shall specify all of the following:

32 a. The fee to be charged to the financial institution.

33 b. The evidence of debt assurance of, and security for,
34 the loan or credit guarantee.

35 c. A loan or credit guarantee that does not exceed fifteen

1 years.

2 d. Any other terms and conditions considered necessary or
3 desirable by the department.

4 7. The department, with the advice of the loan and credit
5 guarantee advisory board, may adopt loan and credit guarantee
6 application procedures that allow a qualified business or
7 targeted industry business to apply directly to the department
8 for a preliminary guarantee commitment. A preliminary
9 guarantee commitment may be issued by the department subject
10 to the qualified business or targeted industry business
11 securing a commitment for financing from a financial
12 institution. The application procedures shall specify the
13 process by which a financial institution may obtain a final
14 loan and credit guarantee.

15 Sec. 9. NEW SECTION. 15E.225 TERMS -- FEES.

16 1. When entering into a loan or credit guarantee
17 agreement, the department, with the advice of the loan and
18 credit guarantee advisory board, shall establish fees and
19 other terms for participation in the program by qualified
20 businesses and targeted industry businesses.

21 2. The department, with due regard for the possibility of
22 losses and administrative costs and with the advice of the
23 loan and credit guarantee advisory board, shall set fees and
24 other terms at levels sufficient to assure that the program is
25 self-financing.

26 3. For a preliminary guarantee commitment, the department
27 may charge a qualified business or targeted industry business
28 a preliminary guarantee commitment fee. The application fee
29 shall be in addition to any other fees charged by the
30 department under this section and shall not exceed one
31 thousand dollars for an application.

32 Sec. 10. NEW SECTION. 15E.226 LOAN AND CREDIT GUARANTEE
33 ADVISORY BOARD.

34 The department, in consultation with the superintendent of
35 banking, shall establish a loan and credit guarantee advisory

1 board. The advisory board shall provide the department with
2 technical advice regarding the administration of the program,
3 including the adoption of administrative rules pursuant to
4 chapter 17A. The advisory board shall review and provide
5 recommendations regarding all applications under the program.

6 Sec. 11. NEW SECTION. 15E.227 LOAN AND CREDIT GUARANTEE
7 FUND.

8 1. A loan and credit guarantee fund is created and
9 established as a separate and distinct fund in the state
10 treasury. Moneys in the fund shall only be used for purposes
11 provided in this section. The moneys in the fund are
12 appropriated to the department to be used for all of the
13 following purposes:

14 a. Payment of claims pursuant to loan and credit guarantee
15 agreements entered into under this division.

16 b. Payment of administrative costs of the department for
17 actual and necessary administrative expenses incurred by the
18 department in administering the program.

19 c. Purchase or buyout of superior or prior liens,
20 mortgages, or security interests.

21 2. Moneys in the loan and credit guarantee fund shall
22 consist of all of the following:

23 a. Moneys appropriated by the general assembly for that
24 purpose and any other moneys available to and obtained or
25 accepted by the department for placement in the fund.

26 b. Proceeds from collateral assigned to the department,
27 fees for guarantees, gifts, and moneys from any grant made to
28 the fund by any federal agency.

29 c. Moneys appropriated from the grow Iowa fund created in
30 section 15.115.

31 3. Moneys in the fund are not subject to section 8.33.
32 Notwithstanding section 12C.7, interest or earnings on the
33 moneys in the fund shall be credited to the fund.

34 4. The department shall only pledge moneys in the loan and
35 credit guarantee fund and not any other moneys of the

1 department. The department may pledge an amount not to exceed
2 a total of one hundred million dollars of moneys in the fund
3 to assure the repayment of loan and credit guarantees or other
4 extensions of credit made to or on behalf of qualified
5 businesses or targeted industry businesses for eligible
6 project costs. The department shall not pledge the credit or
7 taxing power of this state or any political subdivision of
8 this state or make debts payable out of any moneys except for
9 those in the loan and credit guarantee fund.

10 Sec. 12. This division of this Act is repealed July 1,
11 2008.

12 DIVISION III
13 MARKETING IOWA

14 Sec. 13. Section 15.108, subsection 9, Code 2003, is
15 amended by adding the following new paragraph:

16 NEW PARAGRAPH. g. Administer the marketing strategy
17 selected pursuant to section 15.121.

18 Sec. 14. NEW SECTION. 15.121 ECONOMIC DEVELOPMENT
19 MARKETING BOARD.

20 1. a. An economic development marketing board is
21 established consisting of seven members and is located for
22 administrative purposes within the department. The director
23 of the department shall provide office space, staff
24 assistance, and necessary supplies and equipment for the
25 board. In performing its functions, the board is performing a
26 public function on behalf of the state and is a public
27 instrumentality of the state.

28 b. The membership of the board shall be as follows:

29 (1) Three members with significant demonstrated experience
30 in marketing or advertising appointed by the governor.

31 (2) Four members with significant demonstrated experience
32 in marketing or advertising appointed by the following:

- 33 (a) The president of the senate.
- 34 (b) The minority leader of the senate.
- 35 (c) The speaker of the house of representatives.

- 1 (d) The minority leader of the house of representatives.
- 2 c. The appointments made by the governor shall comply with
3 sections 69.16 and 69.16A and shall be subject to confirmation
4 by the senate.
- 5 d. The chairperson and vice chairperson of the board shall
6 be elected by and from the board members listed in paragraph
7 "b". In case of the absence or disability of the chairperson
8 and vice chairperson, the members of the board shall elect a
9 temporary chairperson by a majority vote of those members who
10 are present and voting.
- 11 e. The members shall be appointed to three-year staggered
12 terms and the terms shall commence and end as provided by
13 section 69.19. If a vacancy occurs, a successor shall be
14 appointed to serve the unexpired term. A successor shall be
15 appointed in the same manner and subject to the same
16 qualifications as the original appointment to serve the
17 unexpired term.
- 18 f. A majority of the board constitutes a quorum.
- 19 2. The board shall do all of the following:
- 20 a. Organize.
- 21 b. Establish rules pursuant to chapter 17A necessary to
22 establish procedures for choosing a marketing strategy for the
23 department to administer.
- 24 c. Administer the approval process provided in subsection
25 3.
- 26 3. The board shall accept proposals for marketing
27 strategies for purposes of selecting a strategy for the
28 department to administer. The marketing strategies shall be
29 designed to market Iowa as a lifestyle, increase the
30 population of the state, increase the wealth of Iowans, and
31 expand and stimulate the state economy.
- 32 4. The department shall implement and administer the
33 marketing strategy selected by the economic development
34 marketing board as provided in section 15.108. The department
35 shall provide the board with assistance in implementing

1 administrative functions of the board and provide technical
2 assistance to the board.

3 Sec. 15. This division of this Act is repealed July 1,
4 2008.

5 DIVISION IV

6 INTERNET ECONOMIC DEVELOPMENT ASSISTANCE

7 Sec. 16. NEW SECTION. 15E.118 BUSINESS START-UP
8 INFORMATION -- INTERNET WEB SITE.

9 The department shall provide information through an
10 internet web site and a toll-free telephone service to assist
11 persons interested in establishing a commercial facility or
12 engaging in a commercial activity. The information shall
13 include all of the following:

14 1. Assistance, information, and guidance for start-up
15 businesses.

16 2. Information gathered by the department pursuant to
17 section 15E.17, subsection 2.

18 3. Personal and corporate income tax information.

19 4. Information regarding financial assistance and
20 incentives available to businesses.

21 5. Workforce availability in the state presented in a
22 regional format.

23 Sec. 17. INTERNET WEB SITE DEVELOPMENT. In developing the
24 internet web site required in section 15E.118, the department
25 of economic development shall examine similar efforts in other
26 states and incorporate the best practices.

27 DIVISION V

28 GROW IOWA FUND

29 Sec. 18. NEW SECTION. 15.115 GROW IOWA FUND.

30 A grow Iowa fund is created in the state treasury under the
31 control of the department consisting of moneys appropriated to
32 the department. Moneys in the fund are not subject to section
33 8.33. Notwithstanding section 12C.7, interest or earnings on
34 moneys in the fund shall be credited to the fund. Moneys in
35 the fund are appropriated to the following for all of the

1 following purposes:

2 1. To the department for deposit in the loan and credit
3 guarantee fund created in section 15E.227, not more than an
4 aggregate total of one hundred million dollars.

5 2. To the department for purposes of administering the
6 marketing strategy selected by the economic development
7 marketing board pursuant to section 15.121, not more than an
8 aggregate total of forty-five million dollars.

9 3. To the governor's office for purposes of section 7.23,
10 not more than three hundred thousand dollars per year.

11 4. To the department for purposes of administering the
12 requirements of section 15E.118, not more than two hundred
13 thousand dollars per year for a period of two years.

14 DIVISION VI

15 URBAN RENEWAL

16 Sec. 19. Section 11.6, subsection 1, paragraph a,
17 unnumbered paragraph 1, Code 2003, is amended to read as
18 follows:

19 The financial condition and transactions of all cities and
20 city offices, counties, county hospitals organized under
21 chapters 347 and 347A, memorial hospitals organized under
22 chapter 37, entities organized under chapter 28E having gross
23 receipts in excess of one hundred thousand dollars in a fiscal
24 year, merged areas, area education agencies, and all school
25 offices in school districts, shall be examined at least once
26 each year, except that cities having a population of seven
27 hundred or more but less than two thousand shall be examined
28 at least once every four years, and cities having a population
29 of less than seven hundred may be examined as otherwise
30 provided in this section. However, cities having a population
31 of less than two thousand shall be examined for each fiscal
32 year ending on or after June 30, 2004, if, for the fiscal year
33 and pursuant to an urban renewal plan adopted by the city, the
34 city had taxable valuation described in section 403.19,
35 subsection 2, of one million dollars or more.

1 PARAGRAPH DIVIDED. The examination shall cover the fiscal
2 year next preceding the year in which the audit is conducted.
3 The examination of school offices shall include an audit of
4 all school funds, the certified annual financial report, and
5 the certified enrollment as provided in section 257.6.
6 Differences in certified enrollment shall be reported to the
7 department of management.

8 Sec. 20. Section 403.5, subsection 1, Code 2003, is
9 amended by adding the following new unnumbered paragraph:

10 NEW UNNUMBERED PARAGRAPH. In a municipality with a
11 population of twenty thousand or less, the actual value of
12 taxable property described in section 403.19, subsection 2,
13 located in all urban renewal areas in any year in which one or
14 more urban renewal plans are in force shall not exceed an
15 amount equal to twenty-five percent of the total actual value
16 of taxable property in the municipality. In a municipality
17 with a population of over twenty thousand, the actual value of
18 taxable property described in section 403.19, subsection 2,
19 located in all urban renewal areas in any year in which one or
20 more urban renewal plans are in force shall not exceed an
21 amount equal to fifteen percent of the total actual value of
22 taxable property in the municipality. For purposes of this
23 paragraph, an urban renewal area of a city includes urban
24 renewal areas established by the city in the area of operation
25 of the city and an urban renewal area of a county includes
26 urban renewal areas established by a county in the area of
27 operation of the county. For purposes of this paragraph, the
28 total actual value of taxable property in a city includes only
29 the actual value of taxable property within the corporate
30 limits of the city regardless of where the urban renewal area
31 established by the city is located. On or before January 1 of
32 each year, the county auditor shall make the adjustments in
33 valuation necessary to achieve the limitations in this
34 paragraph for the fiscal year beginning July 1 following the
35 date of adjustment. However, if because of the limitation in

1 this paragraph, the funds to be received by a municipality
2 will be insufficient to pay the amount certified to the county
3 auditor in section 403.19, subsection 5, for the following
4 fiscal year, the auditor shall adjust the reduction to the
5 amount of incremental valuation only to the extent needed to
6 pay such amount certified. This exception to the valuation
7 limitation in this paragraph does not apply to payment of
8 loans, advances, bonds, or other indebtedness refunded or
9 originally incurred on or after July 1, 2004.

10 Sec. 21. Section 403.5, subsection 2, Code 2003, is
11 amended to read as follows:

12 2. The municipality may itself prepare or cause to be
13 prepared an urban renewal plan; or any person or agency,
14 public or private, may submit such a plan to a municipality.
15 Prior to its approval of an urban renewal plan, the local
16 governing body shall submit such plan to the planning
17 commission of the municipality, if any, for review and
18 recommendations as to its conformity with the general plan for
19 the development of the municipality as a whole. The planning
20 commission shall submit its written recommendations with
21 respect to the proposed urban renewal plan to the local
22 governing body within thirty days after receipt of the plan
23 for review. ~~Upon receipt of the recommendations of the~~
24 ~~planning commission or, if no recommendations are received~~
25 ~~within the thirty days, then, without such recommendations,~~
26 ~~the local governing body may proceed with the hearing on the~~
27 ~~proposed urban renewal plan prescribed by subsection 3.~~

28 Prior to its approval of an urban renewal plan which
29 provides for a division of revenue pursuant to section 403.19,
30 the municipality shall mail the proposed plan by regular mail
31 to the affected taxing entities. The municipality shall
32 include with the proposed plan notification of a consultation
33 to be held between the municipality and affected taxing
34 entities prior to the public hearing on the urban renewal
35 plan. Each affected taxing entity may appoint a

1 representative to attend the consultation. The consultation
2 may include a discussion of the estimated growth in valuation
3 of taxable property included in the proposed urban renewal
4 area, the fiscal impact of the division of revenue on the
5 affected taxing entities, the estimated impact on the
6 provision of services by each of the affected taxing entities
7 in the proposed urban renewal area, and the duration of any
8 bond issuance included in the plan. The designated
9 representative of the affected taxing entity may make written
10 recommendations for modification to the proposed ~~division-of~~
11 revenue urban renewal plan no later than seven days following
12 the date of the consultation. The representative of the
13 municipality shall, no later than seven days prior to the
14 public hearing on the urban renewal plan, submit a written
15 response to the affected taxing entity addressing the
16 recommendations for modification to the proposed ~~division-of~~
17 revenue urban renewal plan.

18 If the municipality is a city, the board of supervisors of
19 each affected taxing entity that is a county must, upon
20 conclusion of the consultation process, adopt a resolution
21 approving or rejecting the proposed urban renewal plan. Upon
22 receipt of the recommendations of the planning commission or,
23 if no recommendations are received within the thirty days,
24 then, without such recommendations, and upon receipt of county
25 board of supervisors resolutions approving the urban renewal
26 plan, the governing body of the city may proceed with the
27 hearing on the proposed urban renewal plan pursuant to
28 subsection 3. Without the receipt of such a resolution
29 approving the urban renewal plan from each county that is an
30 affected taxing entity, the governing body of the city shall
31 not proceed with the proposed urban renewal plan.

32 Sec. 22. Section 403.5, subsections 5, 6, and 7, Code
33 2003, are amended to read as follows:

34 5. An urban renewal plan may be ~~modified~~ amended at any
35 time: Provided, that if ~~modified~~ amended after the lease or

1 sale by the municipality of real property in the urban renewal
2 project area, such ~~modification~~ amendment may be conditioned
3 upon such approval of the owner, lessee, or successor in
4 interest as the municipality may deem advisable, and in any
5 event such ~~modification~~ amendment shall be subject to such
6 rights at law or in equity as a lessee or purchaser, or a
7 lessee's or purchaser's successor or successors in interest,
8 may be entitled to assert. The A project may be added to an
9 urban renewal plan only by an amendment to the plan.

10 Territory may be added to, or severed from, an urban renewal
11 area only by an amendment to the urban renewal plan. When
12 amending an urban renewal plan, the municipality shall comply
13 with the notification and consultation process provided in
14 this section, including the requirement that an affected
15 taxing entity that is a county approve the proposed amendment
16 if the municipality is a city, prior to the approval of any
17 amendment or-modification to an adopted urban renewal plan if
18 such amendment or-modification provides for refunding bonds or
19 refinancing resulting in an increase in debt service or
20 provides for the issuance of bonds or other indebtedness, to
21 be funded primarily in the manner provided in section 403.19,
22 or if such amendment proposes to add a project to an urban
23 renewal plan or proposes to add territory to an urban renewal
24 area or proposes to sever territory from an urban renewal
25 area.

26 6. Upon the approval by a municipality of an urban renewal
27 plan or of any ~~modification-thereof~~ amendment to an urban
28 renewal plan, such plan or ~~modification~~ amendment shall be
29 deemed to be in full force and effect for the respective urban
30 renewal area, and the municipality may then cause such plan or
31 ~~modification~~ amendment to be carried out in accordance with
32 its terms.

33 7. Notwithstanding any other provisions of this chapter,
34 where the local governing body certifies that an area is in
35 need of redevelopment or rehabilitation as a result of a

1 flood, fire, hurricane, earthquake, storm, or other
2 catastrophe respecting which the governor of the state has
3 certified the need for disaster assistance under Pub. L. No.
4 875, Eighty-first Congress, 64 Stat. L. 1109; 42 U.S.C. §
5 1855-1855g or other federal law, the local governing body may
6 approve an urban renewal plan and an urban renewal project
7 with respect to such area without regard to the provisions of
8 subsection 4 and without regard to provisions of this section
9 requiring notification and consultation and approval by the
10 county if the municipality is a city, a general plan for the
11 municipality, and a public hearing on the urban renewal plan
12 or project.

13 Sec. 23. Section 403.5, Code 2003, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 8. The designation of an urban renewal
16 area pursuant to this section shall be limited in duration to
17 twenty years counting from July 1 of the first fiscal year in
18 which the municipality receives moneys from a division of
19 revenue pursuant to section 403.19. However, the duration of
20 an urban renewal area established before July 1, 2003, shall
21 be limited to twenty years counting from July 1 of the first
22 fiscal year in which the municipality received moneys from a
23 division of revenue pursuant to section 403.19, or shall end
24 June 30 of the fiscal year in which the amount of loans,
25 advances, indebtedness, or bonds due and owing on the
26 effective date of this section of this Act is paid, whichever
27 is later. Indebtedness incurred after the effective date of
28 this section of this Act to refund bonds issued prior to the
29 effective date of this section of this Act shall not be
30 considered loans, advances, indebtedness, or bonds due and
31 owing on the effective date of this section of this Act. An
32 amendment to an urban renewal plan shall not result in an
33 extension of the durational limitation imposed in this
34 subsection.

35 Sec. 24. Section 403.6, subsection 6, paragraph b, Code

1 2003, is amended to read as follows:

2 b. Urban renewal plans adopted, or amended, pursuant to
3 the requirements of section 403.5;

4 Sec. 25. Section 403.6, subsection 12, Code 2003, is
5 amended to read as follows:

6 12. To approve and amend urban renewal plans, subject to
7 the requirements of section 403.5.

8 Sec. 26. Section 403.17, subsection 10, Code 2003, is
9 amended to read as follows:

10 10. "Economic development area" means an area of a
11 municipality designated by the local governing body as
12 appropriate for commercial and industrial enterprises, public
13 improvements related to housing and residential development,
14 or construction of housing and residential development for low
15 and moderate income families, including single or multifamily
16 housing. ~~if-an-urban-renewal-plan-for-an-urban-renewal-area~~
17 ~~is-based-upon-a-finding-that-the-area-is-an-economic~~
18 ~~development-area-and-that-no-part-contains-slum-or-blighted~~
19 ~~conditions,then-the-division-of-revenue-provided-in-section~~
20 ~~403.19-and-stated-in-the-plan-shall-be-limited-to-twenty-years~~
21 ~~from-the-calendar-year-following-the-calendar-year-in-which~~
22 ~~the-municipality-first-certifies-to-the-county-auditor-the~~
23 ~~amount-of-any-loans,advances,indebtedness,or-bonds-which~~
24 ~~qualify-for-payment-from-the-division-of-revenue-provided-in~~
25 ~~section-403.19.~~ Such designated area shall not include
26 agricultural land, including land which is part of a century
27 farm, unless the owner of the agricultural land or century
28 farm agrees to include the agricultural land or century farm
29 in the urban renewal area. For the purposes of this
30 subsection, "century farm" means a farm in which at least
31 forty acres of such farm have been held in continuous
32 ownership by the same family for one hundred years or more.

33 Sec. 27. Section 403.17, Code 2003, is amended by adding
34 the following new subsection:

35 NEW SUBSECTION. 12A. "Indebtedness" includes, but is not

1 limited to, a written agreement to suspend, abate, exempt,
2 rebate, refund, or reimburse property taxes or to provide a
3 grant for property taxes paid.

4 Sec. 28. Section 403.17, subsection 23, Code 2003, is
5 amended to read as follows:

6 23. "Urban renewal area" means a slum area, blighted area,
7 economic development area, or combination of the areas, which
8 the local governing body designates as appropriate for an
9 urban renewal project and which meets the maximum valuation
10 limitation on the size of the area in section 403.5,
11 subsection 1.

12 Sec. 29. Section 403.17, subsection 25, Code 2003, is
13 amended by adding the following new unnumbered paragraph:

14 NEW UNNUMBERED PARAGRAPH. An urban renewal project shall
15 not include undertakings or activities relating to a business
16 which is or will be located in the area of operation of a
17 municipality if the business has closed or reduced its
18 operation in one area of the state and relocated substantially
19 the same operation into the area of operation of the
20 municipality unless the governing body of the county where the
21 business is currently located, if the business is located in
22 the unincorporated area, or the governing body of the city
23 where the business is currently located, if the business is
24 located within the corporate boundaries of a city, adopts a
25 resolution approving the relocation.

26 Sec. 30. Section 403.19, subsection 2, Code 2003, is
27 amended to read as follows:

28 2. That portion of the taxes each year in excess of such
29 amount shall be allocated to and when collected be paid into a
30 special fund of the municipality to pay the principal of and
31 interest on loans, moneys advanced to, or indebtedness,
32 whether funded, refunded, assumed, or otherwise, including
33 bonds issued under the authority of section 403.9, subsection
34 1, incurred by the municipality to finance or refinance, in
35 whole or in part, an urban renewal project within the area,

1 and to provide assistance for low and moderate income family
2 housing as provided in section 403.22, except that taxes for
3 the regular and voter-approved physical plant and equipment
4 levy of a school district imposed pursuant to section 298.2,
5 and taxes for the payment of bonds and interest of each taxing
6 district, and, beginning with fiscal years beginning on or
7 after July 1, 2007, the foundation property tax imposed
8 pursuant to section 257.3, subsection 1, must be collected
9 against all taxable property within the taxing district
10 without limitation by the provisions of this subsection.
11 However, all or a portion of the taxes for the physical plant
12 and equipment levy shall be paid by the school district to the
13 municipality if ~~the auditor certifies to the school district~~
14 ~~by July 1 the amount of such levy that is necessary to pay the~~
15 ~~principal and interest on bonds issued by the municipality to~~
16 ~~finance an urban renewal project, which bonds were issued~~
17 ~~before July 1, 2001. Indebtedness incurred to refund bonds~~
18 ~~issued prior to July 1, 2001, shall not be included in the~~
19 ~~certification. Such school district shall pay over the amount~~
20 ~~certified by November 1 and May 1 of the fiscal year following~~
21 ~~certification to the school district~~ subsection 7 applies.
22 Unless and until the total assessed valuation of the taxable
23 property in an urban renewal area exceeds the total assessed
24 value of the taxable property in such area as shown by the
25 last equalized assessment roll referred to in subsection 1,
26 all of the taxes levied and collected upon the taxable
27 property in the urban renewal area shall be paid into the
28 funds for the respective taxing districts as taxes by or for
29 the taxing districts in the same manner as all other property
30 taxes. When such loans, advances, indebtedness, and bonds, if
31 any, and interest thereon, have been paid, all moneys
32 thereafter received from taxes upon the taxable property in
33 such urban renewal area shall be paid into the funds for the
34 respective taxing districts in the same manner as taxes on all
35 other property.

1 Sec. 31. Section 403.19, subsection 5, Code 2003, is
2 amended to read as follows:

3 5. A municipality shall certify to the county auditor on
4 or before December 1 of each year the amount of loans,
5 advances, indebtedness, or bonds which qualify for payment
6 during the fiscal year beginning in the following calendar
7 year from the special fund referred to in subsection 2, and
8 the filing of the certificate shall make it a duty of the
9 auditor to provide for the division of taxes in each
10 subsequent the amount certified for the fiscal year until the
11 amount of the loans, advances, indebtedness, or bonds is paid
12 to the special fund beginning in the following calendar year.
13 The municipality shall include in the certification the total
14 amount, as of December 1, of loans, advances, indebtedness, or
15 bonds which qualify for payment from the special fund. In any
16 year, the county auditor shall, upon receipt of a certified
17 request from a municipality filed on or before December 1,
18 increase the amount to be allocated under subsection 1 in
19 order to reduce the amount to be allocated in the following
20 fiscal year to the special fund, to the extent that the
21 municipality does not request allocation to the special fund
22 of the full portion of taxes which could be collected. Upon
23 receipt of a certificate from a municipality, the auditor
24 shall mail a copy of the certificate to each affected taxing
25 district.

26 Sec. 32. Section 403.19, subsection 7, Code 2003, is
27 amended to read as follows:

28 7. For any fiscal year, a municipality may certify to the
29 county auditor for physical plant and equipment revenue
30 necessary for payment of principal and interest on bonds
31 issued prior to July 1, 2001, only if the municipality
32 certified for such revenue for the fiscal year beginning July
33 1, 2000. A municipality shall not certify to the county
34 auditor for a school district more than the amount the
35 municipality certified for the fiscal year beginning July 1,

1 2000. If for any fiscal year a municipality fails to certify
2 to the county auditor for a school district by July 1 the
3 amount of physical plant and equipment revenue necessary for
4 payment of principal and interest on such bonds, as provided
5 in subsection 2, the school district is not required to pay
6 over the revenue to the municipality. The county auditor
7 shall immediately certify to the school district the amount of
8 such levy that is necessary to pay the principal and interest
9 on bonds issued by the municipality to finance an urban
10 renewal project, which bonds were issued before July 1, 2001.
11 Indebtedness incurred to refund bonds issued prior to July 1,
12 2001, shall not be included in the certification. Such school
13 district shall pay over the amount certified by November 1 and
14 May 1 of the fiscal year following certification to the school
15 district.

16 PARAGRAPH DIVIDED. If a school district and a municipality
17 are unable to agree on the amount of physical plant and
18 equipment revenue certified by the municipality for the fiscal
19 year beginning July 1, 2001, either party may request that the
20 state appeal board review and finally pass upon the amount
21 that may be certified. Such appeals must be presented in
22 writing to the state appeal board no later than July 31
23 following certification. The burden shall be on the
24 municipality to prove that the physical plant and equipment
25 levy revenue is necessary to pay principal and interest on
26 bonds issued prior to July 1, 2001. A final decision must be
27 issued by the state appeal board no later than the following
28 October 1.

29 Sec. 33. Section 403.19, Code 2003, is amended by adding
30 the following new subsection:

31 NEW SUBSECTION. 9. Effective for the fiscal year
32 beginning July 1, 2005, and for all subsequent fiscal years,
33 property tax revenues divided pursuant to this section and
34 paid into the special fund in subsection 2 shall not be used
35 by a municipality to suspend, abate, exempt, rebate, refund,

1 or reimburse property taxes, or provide a grant for property
2 taxes paid, in an urban renewal area if the property taxes are
3 imposed against retail property.

4 Sec. 34. Section 403.20, Code 2003, is amended to read as
5 follows:

6 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE
7 ASSESSMENT.

8 1. In Except as otherwise provided in subsection 2, in
9 determining the assessed value of property within an urban
10 renewal area which is subject to a division of tax revenues
11 pursuant to section 403.19, the difference between the actual
12 value of the property as determined by the assessor each year
13 and the percentage of adjustment certified for that year by
14 the director of revenue and finance on or before November 1
15 pursuant to section 441.21, subsection 9, multiplied by the
16 actual value of the property as determined by the assessor,
17 shall be subtracted from the actual value of the property as
18 determined pursuant to section 403.19, subsection 1. If the
19 assessed value of the property as determined pursuant to
20 section 403.19, subsection 1, is reduced to zero, the
21 additional valuation reduction shall be subtracted from the
22 actual value of the property as determined by the assessor.

23 2. This subsection applies to urban renewal areas
24 established pursuant to an urban renewal plan adopted on or
25 after July 1, 2003, and any amendments thereto, and to
26 territory amended into an urban renewal area established
27 pursuant to an urban renewal plan adopted before July 1, 2003,
28 if such amendment adding territory was adopted on or after
29 July 1, 2003. In determining the assessed value of property
30 within an urban renewal area which is subject to a division of
31 tax revenues pursuant to section 403.19, the difference
32 between the actual value of the property as determined by the
33 assessor each year and the percentage of adjustment certified
34 for that year by the director of revenue and finance on or
35 before November 1 pursuant to section 441.21, subsection 9,

1 multiplied by the actual value of the property as determined
2 by the assessor, shall be subtracted from the actual value of
3 the property in the ratio that the amount of the property
4 value as determined pursuant to section 403.19, subsection 1,
5 bears to the total value of the property, and in the ratio
6 that the amount of the property value as determined in section
7 403.19, subsection 2, bears to the total value of the
8 property. If the assessed value of the property as determined
9 pursuant to section 403.19, subsection 1, is reduced to zero,
10 the additional valuation reduction shall be subtracted from
11 the actual value of the property as determined in section
12 403.19, subsection 2.

13 Sec. 35. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

14 1. The sections of this division of this Act amending
15 section 403.5, subsection 1, and section 403.17, subsection
16 23, take effect July 1, 2003, and apply retroactively to the
17 assessment year beginning January 1, 2003, for urban renewal
18 areas established before, on, or after the effective date of
19 these sections of this division of this Act.

20 2. The section of this division of this Act amending
21 section 403.5, subsection 2, being deemed of immediate
22 importance, takes effect upon enactment and applies to urban
23 renewal plans proposed on or after the effective date.

24 3. The section of this division of this Act amending
25 section 403.5, subsections 5, 6, and 7, being deemed of
26 immediate importance, takes effect upon enactment and applies
27 to amendments to urban renewal plans, if such amendments are
28 proposed on or after the effective date of this section of
29 this division of this Act.

30 4. The sections of this division of this Act enacting
31 section 403.5, subsection 8, amending section 403.17,
32 subsections 10 and 25, enacting section 403.17, subsection
33 12A, and amending section 403.19, subsection 5, take effect
34 July 1, 2003, and apply to urban renewal plans adopted and
35 urban renewal areas established before, on, or after the

1 effective date of these sections of this division of this Act.

2 5. The sections of this division of this Act amending
3 section 403.19, subsections 2 and 7, take effect July 1, 2006,
4 and apply to fiscal years beginning on or after July 1, 2007.

5 6. The section of this division of this Act enacting
6 section 403.19, subsection 9, applies to urban renewal areas
7 established before, on, or after July 1, 2003.

8 DIVISION VII

9 Sec. 38. CONTINGENT EFFECTIVENESS. Divisions I, II, III,
10 IV, and V of this Act shall not be effective unless an
11 appropriation is made for deposit in the grow Iowa fund.

12 EXPLANATION

13 This bill relates to economic development by creating a
14 technology transfer advisor, creating a loan and credit
15 guarantee program and fund, creating an economic development
16 marketing board, providing for a business start-up information
17 internet web site, creating a grow Iowa fund, making
18 appropriations and related tax changes, making changes to
19 urban renewal law and related taxes, and providing effective
20 and retroactive applicability dates.

21 DIVISION I -- This division of the bill relates to the
22 creation of a position of technology transfer advisor.

23 The division requires the governor to appoint two
24 technology transfer advisors located at offices at the
25 university of Iowa and Iowa state university of science and
26 technology. The division provides that the advisors shall do
27 all of the following:

28 1. Facilitate the transfer of technology developed by
29 state universities, community colleges, and private colleges
30 and universities.

31 2. Coordinate the technology transfer activities at each
32 of the public and private universities to encourage the
33 implementation of best practices in technology transfer,
34 establish measures of performance, and design programs of
35 continuous quality improvement for each technology transfer

1 office.

2 3. Establish technology transfer goals for the state.

3 4. Provide technical assistance to Iowa-based
4 entrepreneurs associated with or unrelated to the state
5 universities regarding technology transfer-related issues.

6 5. Receive the technology transfer-related report
7 submitted by the state board of regents.

8 6. Serve as a coordinator between Iowa-based businesses
9 and businesses intending to locate in Iowa.

10 The division requires the department of economic
11 development to cooperate with and provide staffing support to
12 the technology transfer advisors.

13 The division requires the state board of regents to
14 actively encourage and promote the transfer of technology and
15 research at the universities under the board's control to
16 commercial application. The division requires the state board
17 of regents to give preference and technical support to those
18 faculty members and staff members desiring to obtain licenses
19 for intellectual property rights created in whole or in part
20 by the faculty member or staff member. The division requires
21 the state board of regents to annually submit a report to the
22 general assembly and the governor regarding technology
23 transfer-related information.

24 This division of the bill is repealed July 1, 2008.

25 DIVISION II -- This division of the bill creates a loan and
26 credit guarantee program and fund.

27 The division requires the department of economic
28 development to establish and administer a loan and credit
29 guarantee program designed to, through agreements with
30 financial institutions, provide loan and credit guarantees,
31 and other forms of credit guarantees for qualified businesses
32 and targeted industry businesses for eligible project costs.
33 The division provides that a loan or credit guarantee or other
34 form of credit guarantee provided under the program to a
35 participating financial institution for a single qualified

1 business or targeted industry business shall not exceed \$1
2 million. Such guarantees to more than one participating
3 financial institution for a single business shall not exceed
4 \$10 million. The division provides that, in administering the
5 program, the department shall consult and cooperate with
6 financial institutions in this state and with the loan and
7 credit guarantee advisory board.

8 The division provides that each participating financial
9 institution shall identify and underwrite potential lending
10 opportunities with qualified businesses and targeted industry
11 businesses. The division provides that, upon a determination
12 by a participating financial institution that a qualified
13 business or targeted industry business meets the underwriting
14 standards for the approval of a loan or credit guarantee, the
15 financial institution shall submit the underwriting
16 information and a loan or credit guarantee application to the
17 department.

18 The division provides that the department shall enter into
19 an agreement with the participating financial institution upon
20 approval of an application under the program.

21 The division provides for a preliminary guarantee
22 commitment application process where a qualified business or
23 targeted industry business applies directly to the department.

24 The division allows the department to establish fees in
25 relation to the program.

26 The division requires the department, in consultation with
27 the superintendent of banking, to establish a loan and credit
28 guarantee advisory board to provide the department with
29 technical advice regarding the administration of the program.
30 The division requires the advisory board to review and provide
31 recommendations regarding all applications under the program.

32 The division creates a loan and credit guarantee fund as a
33 separate and distinct fund in the state treasury to only be
34 used for specific purposes under the program. The division
35 provides that the department shall only pledge moneys in the

1 loan and credit guarantee fund and not any other moneys of the
2 department. The division allows the department to pledge an
3 amount not to exceed a total of \$100 million of moneys in the
4 fund to assure the repayment of loan and credit guarantees or
5 other extensions of credit made under the program. The
6 division prohibits the department from pledging the credit or
7 taxing power of this state or any political subdivision of
8 this state or make debts payable out of any moneys except for
9 those in the loan and credit guarantee fund.

10 This division of the bill is repealed July 1, 2008.

11 DIVISION III -- This division of the bill creates an
12 economic development marketing board.

13 The division establishes an economic development marketing
14 board consisting of seven members and is located for
15 administrative purposes within the department. The division
16 provides that the board shall accept proposals for marketing
17 strategies for purposes of selecting a strategy for the
18 department of economic development to administer. The
19 division provides that the marketing strategies shall be
20 designed to market Iowa as a lifestyle, increase the
21 population of the state, increase the wealth of Iowans, and
22 expand and stimulate the state economy.

23 This division of the bill is repealed July 1, 2008.

24 DIVISION IV -- This division of the bill provides for a
25 business start-up information internet web site and toll-free
26 telephone number.

27 The division requires the department of economic
28 development to provide information through an internet web
29 site and toll-free telephone number to assist persons
30 interested in establishing a commercial facility or engaging
31 in a commercial activity. The division requires the
32 department to examine similar efforts in other states and
33 incorporate the best practices in developing the internet web
34 site.

35 DIVISION V -- This division of the bill creates a grow Iowa

1 fund.

2 The division appropriates moneys in the fund to all of the
3 following for all of the following purposes:

4 1. To the department of economic development for deposit
5 in the loan and credit guarantee fund, not more than \$100
6 million.

7 2. To the department of economic development for purposes
8 of administering the marketing strategy selected by the
9 economic development marketing board, not more than \$45
10 million.

11 3. To the governor's office for purposes of the technology
12 transfer agents, not more than \$300,000 per year.

13 4. To the department of economic development for purposes
14 of administering the business start-up information internet
15 web site, not more \$200,000 per year for a period of two
16 years.

17 DIVISION VI -- This division of the bill makes several
18 changes to the urban renewal and tax increment financing law.

19 The division provides that cities having a population of
20 less than 2,000 shall be audited for each fiscal year ending
21 on or after June 30, 2004, if the city has established an
22 urban renewal area and the incremental valuation for purposes
23 of dividing revenue is \$1 million or more. Currently, cities
24 with a population of 700 but less than 2,000 have their
25 accounts audited every four years and cities of less than 700
26 population are not audited except under certain circumstances.

27 The division limits the amount of actual value of taxable
28 property in an urban renewal increment in municipalities of
29 20,000 or less to an amount equal to 25 percent of the total
30 actual value of taxable property in the municipality. The
31 division limits the amount of actual value of taxable property
32 in an urban renewal increment in municipalities of over 20,000
33 to an amount equal to 15 percent of the total actual value of
34 taxable property in the municipality. However, the division
35 provides that if all or a portion of the valuation reduced

1 because of the limitation is needed to pay debt incurred
2 before July 1, 2004, the municipality may capture that value
3 needed. This section of the division takes effect July 1,
4 2003, and applies retroactively to the assessment year
5 beginning January 1, 2003, for urban renewal areas established
6 before, on, or after the effective date.

7 The division provides that a city proposing an urban
8 renewal plan, or amending an existing plan, shall not proceed
9 unless the affected taxing entities that are counties, by
10 resolution, approve the proposed plan or amendment. The
11 division also provides that a project may be added to a plan
12 or territory added to or severed from an urban renewal area
13 only by an amendment to the urban renewal plan. This portion
14 of the division takes effect upon enactment and applies to
15 urban renewal plans proposed on or after the effective date
16 and to amendments to any urban renewal plan, if such
17 amendments are proposed on or after the effective date.

18 The division limits urban renewal areas to 20 years in
19 duration counting from July 1 of the first fiscal year in
20 which the municipality receives moneys from a division of
21 revenue. However, the duration of an urban renewal area
22 established before July 1, 2003, is 20 years from the first
23 fiscal year the municipality receives moneys from a division
24 of revenue or the year in which indebtedness is retired,
25 whichever is later. Indebtedness incurred after the effective
26 date of this portion of the division to refund bonds issued
27 prior to the effective date of this portion of the division
28 shall not be considered loans, advances, indebtedness, or
29 bonds due and owing on the effective date of this portion of
30 the division. This portion of the division takes effect July
31 1, 2003, and applies to urban renewal areas established
32 before, on, or after the effective date of this portion of the
33 division.

34 The division defines "indebtedness" to include a written
35 agreement to suspend, abate, exempt, rebate, refund, or

1 reimburse property taxes or to provide a grant for property
2 taxes paid. This portion of the division takes effect July 1,
3 2003, and applies to urban renewal plans adopted, and urban
4 renewal areas established, before, on, or after the effective
5 date. Effective for fiscal years beginning on or after July
6 1, 2005, the division prohibits the use of such agreements for
7 property taxes on retail property.

8 The division amends the definition of "urban renewal
9 project" to provide that it does not include activities or
10 undertakings relating to a business which is or will be
11 located in the area of operation of a municipality if the
12 business has closed or reduced its operation in one area of
13 the state and relocated substantially the same operation into
14 the area of operation of the municipality unless the governing
15 body of the county where the business is currently located, if
16 the business is located in the unincorporated area, or the
17 governing body of the city where the business is currently
18 located, if the business is located within the corporate
19 boundaries of a city, adopts a resolution approving the
20 relocation. This portion of the division takes effect July 1,
21 2003, and applies to urban renewal plans adopted, and urban
22 renewal areas established, before, on, or after the effective
23 date.

24 The division provides that, beginning with fiscal years
25 beginning on or after July 1, 2007, the foundation property
26 tax (\$5.40 per \$1,000 of assessed value of taxable property)
27 imposed on property in an urban renewal area will not be
28 divided and paid to a municipality.

29 The division specifies that a municipality shall certify by
30 December 1 of each year the amount of loans, advances,
31 indebtedness, or bonds which qualify for payment from a
32 division of revenue for the following fiscal year. The
33 division also requires that the municipality certify the total
34 amount of outstanding loans, advances, indebtedness, or bonds
35 which qualify for payment from divided revenues. This portion

1 of the division takes effect July 1, 2003, and applies to
2 urban renewal areas established before, on, or after the
3 effective date.

4 The division provides that the assessment limitation (i.e.,
5 rollback) amount shall be subtracted from the increment value
6 amount and the base value amount in the proportion that the
7 value of each bears to the total value of the property in the
8 urban renewal area if it is an urban renewal area established
9 pursuant to an urban renewal plan adopted on or after July 1,
10 2003, or if it is territory amended into an urban renewal area
11 established pursuant to an urban renewal plan adopted before
12 July 1, 2003, if such amendment was approved on or after July
13 1, 2003.

14 DIVISION VII -- This division of the bill makes all other
15 divisions of the bill, except the division relating to urban
16 renewal, effective only if an appropriation is made for
17 deposit in the grow Iowa fund created in division V of the
18 bill.

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McKinley
Rehberg
Seng

Ways + Means

SSB 1199
Succeeded by
SF/HF 456

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON MCKIBBEN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to economic development by creating a position of
2 technology transfer advisor, creating a loan and credit
3 guarantee program and fund, creating an economic development
4 marketing board, providing for a business start-up information
5 internet web site, creating a grow Iowa fund, making
6 appropriations and related tax changes, making changes to
7 urban renewal law and related taxes, and including effective
8 date and retroactive applicability date provisions.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 DIVISION I

2 TECHNOLOGY TRANSFER AGENT

3 Section 1. NEW SECTION. 7.23 TECHNOLOGY TRANSFER

4 ADVISOR.

5 Two technology transfer advisors shall be appointed by the
6 governor, serve at the pleasure of the governor, and be
7 located at offices at the university of Iowa and Iowa state
8 university of science and technology. A technology transfer
9 advisor is not a state agency and is not subject to chapter
10 17A. A technology transfer advisor shall do all of the
11 following:

12 1. Facilitate the transfer of technology developed at
13 universities under the control of the state board of regents,
14 community colleges, and private colleges and universities.

15 2. Coordinate the technology transfer activities at each
16 of the public and private universities to encourage the
17 implementation of best practices in technology transfer,
18 establish measures of performance, and design programs of
19 continuous quality improvement for each technology transfer
20 office.

21 3. Establish technology transfer goals for the state.

22 4. Provide technical assistance to Iowa-based
23 entrepreneurs associated with or unrelated to the universities
24 under the control of the state board of regents regarding
25 technology transfer-related issues. The technical assistance
26 shall include assistance in the areas of patents and
27 licensing, business development and management, finance,
28 production, sales, and marketing.

29 5. Receive the technology transfer-related report
30 submitted by the state board of regents pursuant to section
31 262.9, subsection 31.

32 6. To ensure economic growth, serve as a coordinator
33 between Iowa-based businesses and businesses intending to
34 locate in Iowa.

35 Sec. 2. Section 15.108, Code 2003, is amended by adding

1 the following new subsection:

2 NEW SUBSECTION. 12. TECHNOLOGY TRANSFER ADVISORS. The
3 department shall cooperate with and provide staffing support
4 to the technology transfer advisors appointed pursuant to
5 section 7.23.

6 Sec. 3. Section 262.9, Code 2003, is amended by adding the
7 following new subsections:

8 NEW SUBSECTION. 29. Actively encourage and promote the
9 transfer of technology and research at universities under the
10 control of the board to commercial application, including the
11 start-up of business entities.

12 NEW SUBSECTION. 30. Give preference and technical support
13 to those faculty members and staff members desiring to obtain.
14 licenses for intellectual property rights created in whole or
15 in part by the faculty member or staff member. However, such
16 preference shall not be construed to be a right accruing to
17 that faculty member or staff member.

18 NEW SUBSECTION. 31. By January 15 of each year, submit a
19 report to the governor, through the technology transfer
20 advisors, and the general assembly containing information from
21 the previous calendar year regarding all of the following:

22 a. Patents secured or applied for by each university under
23 the control of the board delineated by university and by
24 faculty member and staff member responsible for the research
25 or activity that resulted in the patent. In the initial
26 report filed by January 15, 2004, the board shall include an
27 inventory of patent portfolios with details concerning which
28 patents are creating financial benefit and the amount of
29 financial benefit and which patents are not creating financial
30 benefit and the amount invested in those patents.

31 b. Research grants secured by each university under the
32 control of the board from both public and private sources
33 delineated by university and by faculty member and staff
34 member. The board shall also include the same information for
35 grant applications that are denied.

1 c. The number of faculty members and staff members at each
2 university under the control of the board involved in a start-
3 up company.

4 d. The number of grant applications for research received
5 by each university under the control of the board for start-up
6 companies, the number of applications approved, and the number
7 of applications denied.

8 e. The number of agreements entered into by faculty
9 members and staff members at each university under the control
10 of the board with foundations affiliated with the universities
11 relating to business start-ups.

12 f. An accounting of the financial gain received by each
13 university under the control of the board relating to patents
14 sold, royalties received, licensing fees, and any other
15 remuneration received by the university related to technology
16 transfer.

17 g. The number of professional employees at each university
18 under the control of the board who assist in the transfer of
19 technology and research to commercial application.

20 Sec. 4. This division of this Act is repealed July 1,
21 2008.

22 DIVISION II

23 IOWA ECONOMIC DEVELOPMENT

24 LOAN AND CREDIT GUARANTEE FUND

25 Sec. 5. NEW SECTION. 15E.221 SHORT TITLE.

26 This division shall be known and may be cited as the "Iowa
27 Economic Development Loan and Credit Guarantee Fund Act".

28 Sec. 6. NEW SECTION. 15E.222 LEGISLATIVE FINDING --
29 PURPOSES.

30 1. The general assembly finds all of the following:

31 a. That small and medium-sized businesses, in general, and
32 certain targeted industry businesses, in particular, may not
33 qualify for conventional financing.

34 b. That the limited availability of credit for export
35 transactions limits the ability of small and medium-sized

1 businesses in this state to compete in international markets.

2 c. That, to enhance competitiveness and foster economic
3 development, this state must focus on growth in certain
4 specific targeted industry businesses, especially during a
5 time of war.

6 d. That the challenge for the public economic sector is to
7 design programs, in conjunction with financial institutions in
8 the private sector, which fill the gaps in credit availability
9 and export finance, and that allow the private sector to
10 identify the lending opportunities and foster decision making
11 at the local level.

12 2. The general assembly declares the purposes of this
13 division to be all of the following:

14 a. To create incentives and assistance to increase the
15 flow of private capital to targeted industry clusters.

16 b. To promote industrial modernization and technology
17 adoption.

18 c. To encourage the retention and creation of family wage
19 jobs.

20 d. To encourage the export of goods and services sold by
21 Iowa businesses in national and international markets.

22 Sec. 7. NEW SECTION. 15E.223 DEFINITIONS.

23 As used in this division, unless the context otherwise
24 requires:

25 1. "Financial institution" means an institution listed in
26 section 422.61, subsection 1, or such other financial
27 institution as defined by the department for purposes of this
28 division.

29 2. "Program" means the loan and credit guarantee program
30 established in this division.

31 3. "Qualified business" means an existing or proposed
32 business entity with an annual average number of employees not
33 exceeding two hundred employees that sells goods or services
34 in markets for which national or international competition
35 exists. "Qualified business" includes professional services

1 businesses that provide services to targeted industry
2 businesses and other entities within and outside of this
3 state.

4 4. "Targeted industry business" means an existing or
5 proposed business entity, including an emerging small business
6 or qualified business which is operated for profit and which
7 has a primary business purpose of doing business in at least
8 one of the targeted industries designated by the department
9 which include life sciences, software and information
10 technology, advanced manufacturing, value-added agriculture,
11 and any other industry designated as a targeted industry by
12 the department.

13 Sec. 8. NEW SECTION. 15E.224 LOAN AND CREDIT GUARANTEE
14 PROGRAM.

15 1. The department shall, with the advice of the loan and
16 credit guarantee advisory board, establish and administer a
17 loan and credit guarantee program. The department, pursuant
18 to agreements with financial institutions, shall provide loan
19 and credit guarantees, insurance, coinsurance in conjunction
20 with other providers of loan guarantee programs, or other
21 forms of credit guarantees for qualified businesses and
22 targeted industry businesses for eligible project costs. A
23 loan or credit guarantee, insurance, or coinsurance provided
24 under the program may stand alone or may be used in
25 conjunction with or to enhance other loans, credit guarantees,
26 or insurance programs offered by private, state, or federal
27 entities. However, the department shall not in any manner
28 directly or indirectly pledge the credit of the state.
29 Eligible project costs include expenditures for productive
30 equipment and machinery, working capital for operations and
31 export transactions, research and development, marketing, and
32 such other costs as the department may so designate.

33 2. A loan or credit guarantee, insurance, coinsurance, or
34 other form of credit guarantee provided under the program to a
35 participating financial institution for a single qualified

1 business or targeted industry business shall not exceed one
2 million dollars in value. Loan or credit guarantees,
3 insurance, coinsurance, or other forms of credit guarantees
4 provided under the program to more than one participating
5 financial institution for a single qualified business or
6 targeted industry business shall not exceed ten million
7 dollars in value.

8 3. In administering the program, the department shall
9 consult and cooperate with financial institutions in this
10 state and with the loan and credit guarantee advisory board.
11 Administrative procedures and application procedures, as
12 practicable, shall be responsive to the needs of qualified
13 businesses, targeted industry businesses, and financial
14 institutions, and shall be consistent with prudent investment
15 and lending practices and criteria.

16 4. Each participating financial institution shall identify
17 and underwrite potential lending opportunities with qualified
18 businesses and targeted industry businesses. Upon a
19 determination by a participating financial institution that a
20 qualified business or targeted industry business meets the
21 underwriting standards of the financial institution, subject
22 to the approval of a loan or credit guarantee, the financial
23 institution shall submit the underwriting information and a
24 loan or credit guarantee application to the department.

25 5. The department, with the advice of the loan and credit
26 guarantee advisory board, shall adopt a loan or credit
27 guarantee application procedure for a financial institution on
28 behalf of a qualified business or targeted industry business.

29 6. Upon approval of a loan or credit guarantee, the
30 department shall enter into a loan or credit guarantee
31 agreement with the participating financial institution. The
32 agreement shall specify all of the following:

- 33 a. The fee to be charged to the financial institution.
- 34 b. The evidence of debt assurance of, and security for,
35 the loan or credit guarantee.

1 c. A loan or credit guarantee that does not exceed fifteen
2 years.

3 d. Any other terms and conditions considered necessary or
4 desirable by the department.

5 7. The department, with the advice of the loan and credit
6 guarantee advisory board, may adopt loan and credit guarantee
7 application procedures that allow a qualified business or
8 targeted industry business to apply directly to the department
9 for a preliminary guarantee commitment. A preliminary
10 guarantee commitment may be issued by the department subject
11 to the qualified business or targeted industry business
12 securing a commitment for financing from a financial
13 institution. The application procedures shall specify the
14 process by which a financial institution may obtain a final
15 loan and credit guarantee.

16 Sec. 9. NEW SECTION. 15E.225 TERMS -- FEES.

17 1. When entering into a loan or credit guarantee
18 agreement, the department, with the advice of the loan and
19 credit guarantee advisory board, shall establish fees and
20 other terms that discourage participation in the program by
21 qualified businesses and targeted industry businesses with
22 access to other forms of private capital.

23 2. The department, with due regard for the possibility of
24 losses and administrative costs and with the advice of the
25 loan and credit guarantee advisory board, shall set fees and
26 other terms at levels sufficient to assure that the program is
27 self-financing.

28 3. For a preliminary guarantee commitment, the department
29 may charge a qualified business or targeted industry business
30 a preliminary guarantee commitment fee. The application fee
31 shall be in addition to any other fees charged by the
32 department under this section and shall not exceed one
33 thousand dollars for an application.

34 Sec. 10. NEW SECTION. 15E.226 LOAN AND CREDIT GUARANTEE
35 ADVISORY BOARD.

1 The department, in consultation with the superintendent of
2 banking, shall establish a loan and credit guarantee advisory
3 board. The advisory board shall provide the department with
4 technical advice regarding the administration of the program,
5 including the adoption of administrative rules pursuant to
6 chapter 17A. The advisory board shall review and provide
7 recommendations regarding all applications under the program.

8 Sec. 11. NEW SECTION. 15E.227 LOAN AND CREDIT GUARANTEE
9 FUND.

10 1. A loan and credit guarantee fund is created and
11 established as a separate and distinct fund in the state
12 treasury. Moneys in the fund shall only be used for purposes
13 provided in this section. The moneys in the fund are
14 appropriated to the department to be used for all of the
15 following purposes:

16 a. Payment of claims pursuant to loan and credit guarantee
17 agreements entered into under this division.

18 b. Payment of administrative costs of the department for
19 actual and necessary administrative expenses incurred by the
20 department in administering the program.

21 c. Purchase or buyout of superior or prior liens,
22 mortgages, or security interests.

23 2. Moneys in the loan and credit guarantee fund shall
24 consist of all of the following:

25 a. Moneys appropriated by the general assembly for that
26 purpose and any other moneys available to and obtained or
27 accepted by the department for placement in the fund.

28 b. Proceeds from collateral assigned to the department,
29 fees for guarantees, gifts, and moneys from any grant made to
30 the fund by any federal agency.

31 c. Moneys appropriated from the grow Iowa fund created in
32 section 15.115.

33 3. Moneys in the fund are not subject to section 8.33.
34 Notwithstanding section 12C.7, interest or earnings on the
35 moneys in the fund shall be credited to the fund.

1 4. The department shall only pledge moneys in the loan and
2 credit guarantee fund and not any other moneys of the
3 department. The department may pledge an amount not to exceed
4 a total of one hundred million dollars of moneys in the fund
5 to assure the repayment of loan and credit guarantees or other
6 extensions of credit made to or on behalf of qualified
7 businesses or targeted industry businesses for eligible
8 project costs. The department shall not pledge the credit or
9 taxing power of this state or any political subdivision of
10 this state or make debts payable out of any moneys except for
11 those in the loan and credit guarantee fund.

12 Sec. 12. This division of this Act is repealed July 1,
13 2008.

14 DIVISION III

15 MARKETING IOWA

16 Sec. 13. Section 15.108, subsection 9, Code 2003, is
17 amended by adding the following new paragraph:

18 NEW PARAGRAPH. g. Administer the marketing strategy
19 selected pursuant to section 15.121.

20 Sec. 14. NEW SECTION. 15.121 ECONOMIC DEVELOPMENT
21 MARKETING BOARD.

22 1. a. An economic development marketing board is
23 established consisting of seven members and is located for
24 administrative purposes within the department. The director
25 of the department shall provide office space, staff
26 assistance, and necessary supplies and equipment for the
27 board. In performing its functions, the board is performing a
28 public function on behalf of the state and is a public
29 instrumentality of the state.

30 b. The membership of the board shall be as follows:

31 (1) Three members with significant demonstrated experience
32 in marketing or advertising appointed by the governor.

33 (2) Four members with significant demonstrated experience
34 in marketing or advertising appointed by the following:

35 (a) The president of the senate.

1 (b) The minority leader of the senate.

2 (c) The speaker of the house of representatives.

3 (d) The minority leader of the house of representatives.

4 c. The appointments made by the governor shall comply with
5 sections 69.16 and 69.16A and shall be subject to confirmation
6 by the senate.

7 d. The chairperson and vice chairperson of the board shall
8 be elected by and from the board members listed in paragraph
9 "b". In case of the absence or disability of the chairperson
10 and vice chairperson, the members of the board shall elect a
11 temporary chairperson by a majority vote of those members who
12 are present and voting.

13 e. The members shall be appointed to three-year staggered
14 terms and the terms shall commence and end as provided by
15 section 69.19. If a vacancy occurs, a successor shall be
16 appointed to serve the unexpired term. A successor shall be
17 appointed in the same manner and subject to the same
18 qualifications as the original appointment to serve the
19 unexpired term.

20 f. A majority of the board constitutes a quorum.

21 2. The board shall do all of the following:

22 a. Organize.

23 b. Establish rules pursuant to chapter 17A necessary to
24 establish procedures for choosing a marketing strategy for the
25 department to administer.

26 c. Administer the approval process provided in subsection
27 3.

28 3. The board shall accept proposals for marketing
29 strategies for purposes of selecting a strategy for the
30 department to administer. The marketing strategies shall be
31 designed to market Iowa as a lifestyle, increase the
32 population of the state, increase the wealth of Iowans, and
33 expand and stimulate the state economy.

34 4. The department shall implement and administer the
35 marketing strategy selected by the economic development

1 marketing board as provided in section 15.108. The department
2 shall provide the board with assistance in implementing
3 administrative functions of the board and provide technical
4 assistance to the board.

5 Sec. 15. This division of this Act is repealed July 1,
6 2008.

7 DIVISION IV

8 INTERNET ECONOMIC DEVELOPMENT ASSISTANCE

9 Sec. 16. NEW SECTION. 15E.118 BUSINESS START-UP
10 INFORMATION -- INTERNET WEB SITE.

11 The department shall provide information through an
12 internet web site to assist persons interested in establishing
13 a commercial facility or engaging in a commercial activity.
14 The information shall include all of the following:

15 1. Assistance, information, and guidance for start-up
16 businesses.

17 2. Information gathered by the department pursuant to
18 section 15E.17, subsection 2.

19 3. Personal and corporate income tax information.

20 4. Information regarding financial assistance and
21 incentives available to businesses.

22 5. Workforce availability in the state presented in a
23 regional format.

24 Sec. 17. INTERNET WEB SITE DEVELOPMENT. In developing the
25 internet web site required in section 15E.118, the department
26 of economic development shall examine similar efforts in other
27 states and incorporate the best practices.

28 DIVISION V

29 GROW IOWA FUND

30 Sec. 18. NEW SECTION. 15.115 GROW IOWA FUND.

31 A grow Iowa fund is created in the state treasury under the
32 control of the department consisting of moneys appropriated to
33 the department and deposited in the fund pursuant to section
34 422.45, subsection 61, paragraph "d". Moneys in the fund are
35 not subject to section 8.33. Notwithstanding section 12C.7,

1 interest or earnings on moneys in the fund shall be credited
2 to the fund. Moneys in the fund are appropriated to the
3 following for all of the following purposes:

4 1. To the department for deposit in the loan and credit
5 guarantee fund created in section 15E.227, not more than an
6 aggregate total of one hundred million dollars.

7 2. To the department for purposes of administering the
8 marketing strategy selected by the economic development
9 marketing board pursuant to section 15.121, not more than an
10 aggregate total of fifteen million dollars.

11 3. To the governor's office for purposes of section 7.23,
12 not more than three hundred thousand dollars per year.

13 4. To the department for purposes of administering the
14 requirements of section 15E.118, not more than an aggregate
15 total of one hundred fifty thousand dollars.

16 Sec. 19. Section 422.45, subsection 61, paragraph b,
17 subparagraphs (2) through (5), Code 2003, are amended to read
18 as follows:

19 (2) If the date of the utility billing or meter reading
20 cycle of the residential customer for the sale, furnishing, or
21 service of metered gas and electricity is on or after January
22 1, 2003, through December 31, ~~2003~~ 2008, or if the sale,
23 furnishing, or service of fuel for purposes of residential
24 energy and the delivery of the fuel occurs on or after January
25 1, 2003, through December 31, ~~2003~~ 2008, the rate of tax is
26 three percent of the gross receipts.

27 (3) If the date of the utility billing or meter reading
28 cycle of the residential customer for the sale, furnishing, or
29 service of metered gas and electricity is on or after January
30 1, ~~2004~~ 2009, through December 31, ~~2004~~ 2009, or if the sale,
31 furnishing, or service of fuel for purposes of residential
32 energy and the delivery of the fuel occurs on or after January
33 1, ~~2004~~ 2009, through December 31, ~~2004~~ 2009, the rate of tax
34 is two percent of the gross receipts.

35 (4) If the date of the utility billing or meter reading

1 cycle of the residential customer for the sale, furnishing, or
2 service of metered gas and electricity is on or after January
3 1, 2005 2010, through December 31, 2005 2010, or if the sale,
4 furnishing, or service of fuel for purposes of residential
5 energy and the delivery of the fuel occurs on or after January
6 1, 2005 2010, through December 31, 2005 2010, the rate of tax
7 is one percent of the gross receipts.

8 (5) If the date of the utility billing or meter reading
9 cycle of the residential customer for the sale, furnishing, or
10 service of metered gas and electricity is on or after January
11 1, 2006 2011, or if the sale, furnishing, or service of fuel
12 for purposes of residential energy and the delivery of the
13 fuel occurs on or after January 1, 2006 2011, the rate of tax
14 is zero percent of the gross receipts.

15 Sec. 20. Section 422.45, subsection 61, Code 2003, is
16 amended by adding the following new paragraph:

17 NEW PARAGRAPH. d. There is appropriated from the general
18 fund of the state to the department of economic development
19 for the fiscal period beginning July 1, 2003, and ending June
20 30, 2008, all tax revenues collected under this division as
21 described in paragraph "b", subparagraph (2), for the sale,
22 furnishing, or service of residential metered gas and
23 electricity and the sale, furnishing, or service of fuel for
24 purposes of residential energy and the delivery of the fuel.
25 Moneys appropriated to the department of economic development
26 pursuant to this paragraph shall be deposited in the grow Iowa
27 fund established in section 15.115.

28 DIVISION VI

29 URBAN RENEWAL

30 Sec. 21. Section 11.6, subsection 1, paragraph a,
31 unnumbered paragraph 1, Code 2003, is amended to read as
32 follows:

33 The financial condition and transactions of all cities and
34 city offices, counties, county hospitals organized under
35 chapters 347 and 347A, memorial hospitals organized under

1 chapter 37, entities organized under chapter 28E having gross
2 receipts in excess of one hundred thousand dollars in a fiscal
3 year, merged areas, area education agencies, and all school
4 offices in school districts, shall be examined at least once
5 each year, except that cities having a population of seven
6 hundred or more but less than two thousand shall be examined
7 at least once every four years, and cities having a population
8 of less than seven hundred may be examined as otherwise
9 provided in this section. However, cities having a population
10 of less than two thousand shall be examined for each fiscal
11 year ending on or after June 30, 2004, if, for the fiscal year
12 and pursuant to an urban renewal plan adopted by the city, the
13 city had taxable valuation described in section 403.19,
14 subsection 2, of one million dollars or more.

15 PARAGRAPH DIVIDED. The examination shall cover the fiscal
16 year next preceding the year in which the audit is conducted.
17 The examination of school offices shall include an audit of
18 all school funds, the certified annual financial report, and
19 the certified enrollment as provided in section 257.6.
20 Differences in certified enrollment shall be reported to the
21 department of management.

22 Sec. 22. Section 403.5, subsection 1, Code 2003, is
23 amended by adding the following new unnumbered paragraph:

24 NEW UNNUMBERED PARAGRAPH. In a municipality with a
25 population of twenty thousand or less, the taxable valuation
26 of property described in section 403.19, subsection 2, located
27 in all urban renewal areas in any year in which one or more
28 urban renewal plans are in force shall not exceed an amount
29 equal to twenty percent of the total taxable valuation in the
30 municipality. In a municipality with a population of over
31 twenty thousand, the taxable valuation of property described
32 in section 403.19, subsection 2, located in all urban renewal
33 areas in any year in which one or more urban renewal plans are
34 in force shall not exceed an amount equal to ten percent of
35 the total taxable valuation in the municipality. For purposes

1 of this paragraph, an urban renewal area of a city includes
2 urban renewal areas established by the city in the area of
3 operation of the city and an urban renewal area of a county
4 includes urban renewal areas established by a county in the
5 area of operation of the county. For purposes of this
6 paragraph, the total taxable valuation in a city includes only
7 the taxable valuation of property within the corporate limits
8 of the city regardless of where the urban renewal area
9 established by the city is located. On or before January 1 of
10 each year, the county auditor shall make the adjustments in
11 valuation necessary to achieve the limitations in this
12 paragraph for the fiscal year beginning July 1 following the
13 date of adjustment. However, if because of the limitation in
14 this paragraph, the funds to be received by a municipality
15 will be insufficient to pay the amount certified to the county
16 auditor in section 403.19, subsection 5, for the following
17 fiscal year, the auditor shall adjust the reduction to the
18 amount of incremental valuation only to the extent needed to
19 pay such amount certified. This exception to the valuation
20 limitation in this paragraph does not apply to payment of
21 loans, advances, bonds, or other indebtedness refunded or
22 originally incurred on or after July 1, 2004.

23 Sec. 23. Section 403.5, subsection 2, Code 2003, is
24 amended to read as follows:

25 2. The municipality may itself prepare or cause to be
26 prepared an urban renewal plan; or any person or agency,
27 public or private, may submit such a plan to a municipality.
28 Prior to its approval of an urban renewal plan, the local
29 governing body shall submit such plan to the planning
30 commission of the municipality, if any, for review and
31 recommendations as to its conformity with the general plan for
32 the development of the municipality as a whole. The planning
33 commission shall submit its written recommendations with
34 respect to the proposed urban renewal plan to the local
35 governing body within thirty days after receipt of the plan

1 for review. ~~Upon receipt of the recommendations of the~~
2 ~~planning commission or, if no recommendations are received~~
3 ~~within the thirty days, then, without such recommendations,~~
4 ~~the local governing body may proceed with the hearing on the~~
5 ~~proposed urban renewal plan prescribed by subsection 3.~~

6 Prior to its approval of an urban renewal plan which
7 provides for a division of revenue pursuant to section 403.19,
8 the municipality shall mail the proposed plan by regular mail
9 to the affected taxing entities. The municipality shall
10 include with the proposed plan notification of a consultation
11 to be held between the municipality and affected taxing
12 entities prior to the public hearing on the urban renewal
13 plan. Each affected taxing entity may appoint a
14 representative to attend the consultation. The consultation
15 may include a discussion of the estimated growth in valuation
16 of taxable property included in the proposed urban renewal
17 area, the fiscal impact of the division of revenue on the
18 affected taxing entities, the estimated impact on the
19 provision of services by each of the affected taxing entities
20 in the proposed urban renewal area, and the duration of any
21 bond issuance included in the plan. The designated
22 representative of the affected taxing entity may make written
23 recommendations for modification to the proposed ~~division of~~
24 revenue urban renewal plan no later than seven days following
25 the date of the consultation. The representative of the
26 municipality shall, no later than seven days prior to the
27 public hearing on the urban renewal plan, submit a written
28 response to the affected taxing entity addressing the
29 recommendations for modification to the proposed ~~division of~~
30 revenue urban renewal plan.

31 If the municipality is a city, the board of supervisors of
32 each affected taxing entity that is a county must, upon
33 conclusion of the consultation process, adopt a resolution
34 approving or rejecting the proposed urban renewal plan. Upon
35 receipt of the recommendations of the planning commission or,

1 if no recommendations are received within the thirty days,
2 then, without such recommendations, and upon receipt of county
3 board of supervisors resolutions approving the urban renewal
4 plan, the governing body of the city may proceed with the
5 hearing on the proposed urban renewal plan pursuant to
6 subsection 3. Without the receipt of such a resolution
7 approving the urban renewal plan from each county that is an
8 affected taxing entity, the governing body of the city shall
9 not proceed with the proposed urban renewal plan.

10 Sec. 24. Section 403.5, subsections 5, 6, and 7, Code
11 2003, are amended to read as follows:

12 5. An urban renewal plan may be ~~modified~~ amended at any
13 time: Provided, that if ~~modified~~ amended after the lease or
14 sale by the municipality of real property in the urban renewal
15 project area, such ~~modification~~ amendment may be conditioned
16 upon such approval of the owner, lessee, or successor in
17 interest as the municipality may deem advisable, and in any
18 event such ~~modification~~ amendment shall be subject to such
19 rights at law or in equity as a lessee or purchaser, or a
20 lessee's or purchaser's successor or successors in interest,
21 may be entitled to assert. The A project may be added to an
22 urban renewal plan only by an amendment to the plan.
23 Territory may be added to, or severed from, an urban renewal
24 area only by an amendment to the urban renewal plan. When
25 amending an urban renewal plan, the municipality shall comply
26 with the notification and consultation process provided in
27 this section, including the requirement that an affected
28 taxing entity that is a county approve the proposed amendment
29 if the municipality is a city, prior to the approval of any
30 amendment or-modification to an adopted urban renewal plan if
31 such amendment or-modification provides for refunding bonds or
32 refinancing resulting in an increase in debt service or
33 provides for the issuance of bonds or other indebtedness, to
34 be funded primarily in the manner provided in section 403.19,
35 or if such amendment proposes to add a project to an urban

1 renewal plan or proposes to add territory to an urban renewal
2 area or proposes to sever territory from an urban renewal
3 area.

4 6. Upon the approval by a municipality of an urban renewal
5 plan or of any ~~modification thereof~~ amendment to an urban
6 renewal plan, such plan or ~~modification~~ amendment shall be
7 deemed to be in full force and effect for the respective urban
8 renewal area, and the municipality may then cause such plan or
9 ~~modification~~ amendment to be carried out in accordance with
10 its terms.

11 7. Notwithstanding any other provisions of this chapter,
12 where the local governing body certifies that an area is in
13 need of redevelopment or rehabilitation as a result of a
14 flood, fire, hurricane, earthquake, storm, or other
15 catastrophe respecting which the governor of the state has
16 certified the need for disaster assistance under Pub. L. No.
17 875, Eighty-first Congress, 64 Stat. L. 1109; 42 U.S.C. §
18 1855-1855g or other federal law, the local governing body may
19 approve an urban renewal plan and an urban renewal project
20 with respect to such area without regard to the provisions of
21 subsection 4 and without regard to provisions of this section
22 requiring notification and consultation and approval by the
23 county if the municipality is a city, a general plan for the
24 municipality, and a public hearing on the urban renewal plan
25 or project.

26 Sec. 25. Section 403.5, Code 2003, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 8. The designation of an urban renewal
29 area pursuant to this section shall be limited in duration to
30 twenty years counting from July 1 of the first fiscal year in
31 which the municipality receives moneys from a division of
32 revenue pursuant to section 403.19. However, the duration of
33 an urban renewal area established before July 1, 2003, shall
34 be limited to twenty years counting from July 1 of the first
35 fiscal year in which the municipality received moneys from a

1 division of revenue pursuant to section 403.19, or shall end
2 June 30 of the fiscal year in which the amount of loans,
3 advances, indebtedness, or bonds due and owing on the
4 effective date of this section of this Act is paid, whichever
5 is later. An amendment to an urban renewal plan shall not
6 result in an extension of the durational limitation imposed in
7 this subsection.

8 Sec. 26. Section 403.6, subsection 6, paragraph b, Code
9 2003, is amended to read as follows:

10 b. Urban renewal plans adopted, or amended, pursuant to
11 the requirements of section 403.5;

12 Sec. 27. Section 403.6, subsection 12, Code 2003, is
13 amended to read as follows:

14 12. To approve and amend urban renewal plans, subject to
15 the requirements of section 403.5.

16 Sec. 28. Section 403.17, subsection 10, Code 2003, is
17 amended to read as follows:

18 10. "Economic development area" means an area of a
19 municipality designated by the local governing body as
20 appropriate for commercial and industrial enterprises, public
21 improvements related to housing and residential development,
22 or construction of housing and residential development for low
23 and moderate income families, including single or multifamily
24 housing. ~~If an urban renewal plan for an urban renewal area~~
25 ~~is based upon a finding that the area is an economic~~
26 ~~development area and that no part contains slum or blighted~~
27 ~~conditions, then the division of revenue provided in section~~
28 ~~403.19 and stated in the plan shall be limited to twenty years~~
29 ~~from the calendar year following the calendar year in which~~
30 ~~the municipality first certifies to the county auditor the~~
31 ~~amount of any loans, advances, indebtedness, or bonds which~~
32 ~~qualify for payment from the division of revenue provided in~~
33 ~~section 403.19.~~ Such designated area shall not include
34 agricultural land, including land which is part of a century
35 farm, unless the owner of the agricultural land or century

1 farm agrees to include the agricultural land or century farm
2 in the urban renewal area. For the purposes of this
3 subsection, "century farm" means a farm in which at least
4 forty acres of such farm have been held in continuous
5 ownership by the same family for one hundred years or more.

6 Sec. 29. Section 403.17, Code 2003, is amended by adding
7 the following new subsection:

8 NEW SUBSECTION. 12A. "Indebtedness" includes, but is not
9 limited to, a written agreement to suspend, abate, exempt,
10 rebate, refund, or reimburse property taxes or to provide a
11 grant for property taxes paid.

12 Sec. 30. Section 403.17, subsection 23, Code 2003, is
13 amended to read as follows:

14 23. "Urban renewal area" means a slum area, blighted area,
15 economic development area, or combination of the areas, which
16 the local governing body designates as appropriate for an
17 urban renewal project and which meets the maximum valuation
18 limitation on the size of the area in section 403.5,
19 subsection 1.

20 Sec. 31. Section 403.17, subsection 25, Code 2003, is
21 amended by adding the following new unnumbered paragraph:

22 NEW UNNUMBERED PARAGRAPH. An urban renewal project shall
23 not include undertakings or activities relating to a business
24 which is or will be located in the area of operation of a
25 municipality if the business has closed or reduced its
26 operation in one area of the state and relocated substantially
27 the same operation into the area of operation of the
28 municipality.

29 Sec. 32. Section 403.19, subsection 2, Code 2003, is
30 amended to read as follows:

31 2. That portion of the taxes each year in excess of such
32 amount shall be allocated to and when collected be paid into a
33 special fund of the municipality to pay the principal of and
34 interest on loans, moneys advanced to, or indebtedness,
35 whether funded, refunded, assumed, or otherwise, including

1 bonds issued under the authority of section 403.9, subsection
2 1, incurred by the municipality to finance or refinance, in
3 whole or in part, an urban renewal project within the area,
4 and to provide assistance for low and moderate income family
5 housing as provided in section 403.22, except that taxes for
6 the regular and voter-approved physical plant and equipment
7 levy of a school district imposed pursuant to section 298.2,
8 and taxes for the payment of bonds and interest of each taxing
9 district, and, beginning with fiscal years beginning on or
10 after July 1, 2007, the foundation property tax imposed
11 pursuant to section 257.3, subsection 1, must be collected
12 against all taxable property within the taxing district
13 without limitation by the provisions of this subsection.
14 However, all or a portion of the taxes for the physical plant
15 and equipment levy shall be paid by the school district to the
16 municipality if ~~the auditor certifies to the school district~~
17 ~~by July 1 the amount of such levy that is necessary to pay the~~
18 ~~principal and interest on bonds issued by the municipality to~~
19 ~~finance an urban renewal project, which bonds were issued~~
20 ~~before July 1, 2001. Indebtedness incurred to refund bonds~~
21 ~~issued prior to July 1, 2001, shall not be included in the~~
22 ~~certification. Such school district shall pay over the amount~~
23 ~~certified by November 1 and May 1 of the fiscal year following~~
24 ~~certification to the school district~~ subsection 7 applies.
25 Unless and until the total assessed valuation of the taxable
26 property in an urban renewal area exceeds the total assessed
27 value of the taxable property in such area as shown by the
28 last equalized assessment roll referred to in subsection 1,
29 all of the taxes levied and collected upon the taxable
30 property in the urban renewal area shall be paid into the
31 funds for the respective taxing districts as taxes by or for
32 the taxing districts in the same manner as all other property
33 taxes. When such loans, advances, indebtedness, and bonds, if
34 any, and interest thereon, have been paid, all moneys
35 thereafter received from taxes upon the taxable property in

1 such urban renewal area shall be paid into the funds for the
2 respective taxing districts in the same manner as taxes on all
3 other property.

4 Sec. 33. Section 403.19, subsection 5, Code 2003, is
5 amended to read as follows:

6 5. A municipality shall certify to the county auditor on
7 or before December 1 of each year the amount of loans,
8 advances, indebtedness, or bonds which qualify for payment
9 during the fiscal year beginning in the following calendar
10 year from the special fund referred to in subsection 2, and
11 the filing of the certificate shall make it a duty of the
12 auditor to provide for the division of taxes in each
13 subsequent the amount certified for the fiscal year until the
14 amount-of-the-loans,-advances,-indebtedness,-or-bonds-is-paid
15 to-the-special-fund beginning in the following calendar year.
16 The municipality shall include in the certification the total
17 amount, as of December 1, of loans, advances, indebtedness, or
18 bonds which qualify for payment from the special fund. In any
19 year, the county auditor shall, upon receipt of a certified
20 request from a municipality filed on or before December 1,
21 increase the amount to be allocated under subsection 1 in
22 order to reduce the amount to be allocated in the following
23 fiscal year to the special fund, to the extent that the
24 municipality does not request allocation to the special fund
25 of the full portion of taxes which could be collected. Upon
26 receipt of a certificate from a municipality, the auditor
27 shall mail a copy of the certificate to each affected taxing
28 district.

29 Sec. 34. Section 403.19, subsection 7, Code 2003, is
30 amended to read as follows:

31 7. For any fiscal year, a municipality may certify to the
32 county auditor for physical plant and equipment revenue
33 necessary for payment of principal and interest on bonds
34 issued prior to July 1, 2001, only if the municipality
35 certified for such revenue for the fiscal year beginning July

1 1, 2000. A municipality shall not certify to the county
2 auditor for a school district more than the amount the
3 municipality certified for the fiscal year beginning July 1,
4 2000. If for any fiscal year a municipality fails to certify
5 to the county auditor for a school district by July 1 the
6 amount of physical plant and equipment revenue necessary for
7 payment of principal and interest on such bonds, as provided
8 in subsection 2, the school district is not required to pay
9 over the revenue to the municipality. The county auditor
10 shall immediately certify to the school district the amount of
11 such levy that is necessary to pay the principal and interest
12 on bonds issued by the municipality to finance an urban
13 renewal project, which bonds were issued before July 1, 2001.
14 Indebtedness incurred to refund bonds issued prior to July 1,
15 2001, shall not be included in the certification. Such school
16 district shall pay over the amount certified by November 1 and
17 May 1 of the fiscal year following certification to the school
18 district.

19 PARAGRAPH DIVIDED. If a school district and a municipality
20 are unable to agree on the amount of physical plant and
21 equipment revenue certified by the municipality for the fiscal
22 year beginning July 1, 2001, either party may request that the
23 state appeal board review and finally pass upon the amount
24 that may be certified. Such appeals must be presented in
25 writing to the state appeal board no later than July 31
26 following certification. The burden shall be on the
27 municipality to prove that the physical plant and equipment
28 levy revenue is necessary to pay principal and interest on
29 bonds issued prior to July 1, 2001. A final decision must be
30 issued by the state appeal board no later than the following
31 October 1.

32 Sec. 35. Section 403.19, Code 2003, is amended by adding
33 the following new subsection:

34 NEW SUBSECTION. 9. Effective for the fiscal year
35 beginning July 1, 2005, and for all subsequent fiscal years,

1 property tax revenues divided pursuant to this section and
2 paid into the special fund in subsection 2 shall not be used
3 by a municipality to suspend, abate, exempt, rebate, refund,
4 or reimburse property taxes, or provide a grant for property
5 taxes paid, in an urban renewal area if the property taxes are
6 imposed against retail property.

7 Sec. 36. Section 403.20, Code 2003, is amended to read as
8 follows:

9 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE
10 ASSESSMENT.

11 1. In Except as otherwise provided in subsection 2, in
12 determining the assessed value of property within an urban
13 renewal area which is subject to a division of tax revenues
14 pursuant to section 403.19, the difference between the actual
15 value of the property as determined by the assessor each year
16 and the percentage of adjustment certified for that year by
17 the director of revenue and finance on or before November 1
18 pursuant to section 441.21, subsection 9, multiplied by the
19 actual value of the property as determined by the assessor,
20 shall be subtracted from the actual value of the property as
21 determined pursuant to section 403.19, subsection 1. If the
22 assessed value of the property as determined pursuant to
23 section 403.19, subsection 1, is reduced to zero, the
24 additional valuation reduction shall be subtracted from the
25 actual value of the property as determined by the assessor.

26 2. This subsection applies to urban renewal areas
27 established pursuant to an urban renewal plan adopted on or
28 after July 1, 2003, and any amendments thereto, and to
29 territory amended into an urban renewal area established
30 pursuant to an urban renewal plan adopted before July 1, 2003,
31 if such amendment adding territory was adopted on or after
32 July 1, 2003. In determining the assessed value of property
33 within an urban renewal area which is subject to a division of
34 tax revenues pursuant to section 403.19, the difference
35 between the actual value of the property as determined by the

1 assessor each year and the percentage of adjustment certified
2 for that year by the director of revenue and finance on or
3 before November 1 pursuant to section 441.21, subsection 9,
4 multiplied by the actual value of the property as determined
5 by the assessor, shall be subtracted from the actual value of
6 the property in the ratio that the amount of the property
7 value as determined pursuant to section 403.19, subsection 1,
8 bears to the total value of the property, and in the ratio
9 that the amount of the property value as determined in section
10 403.19, subsection 2, bears to the total value of the
11 property. If the assessed value of the property as determined
12 pursuant to section 403.19, subsection 1, is reduced to zero,
13 the additional valuation reduction shall be subtracted from
14 the actual value of the property as determined in section
15 403.19, subsection 2.

16 Sec. 37. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

17 1. The sections of this division of this Act amending
18 section 403.5, subsection 1, and section 403.17, subsection
19 23, take effect July 1, 2003, and apply retroactively to the
20 assessment year beginning January 1, 2003, for urban renewal
21 areas established before, on, or after the effective date of
22 these sections of this division of this Act.

23 2. The section of this division of this Act amending
24 section 403.5, subsection 2, being deemed of immediate
25 importance, takes effect upon enactment and applies to urban
26 renewal plans proposed on or after the effective date.

27 3. The section of this division of this Act amending
28 section 403.5, subsections 5, 6, and 7, being deemed of
29 immediate importance, takes effect upon enactment and applies
30 to amendments to urban renewal plans, if such amendments are
31 proposed on or after the effective date of this section of
32 this division of this Act.

33 4. The sections of this division of this Act enacting
34 section 403.5, subsection 8, amending section 403.17,
35 subsections 10 and 25, enacting section 403.17, subsection

1 12A, and amending section 403.19, subsection 5, take effect
2 July 1, 2003, and apply to urban renewal plans adopted and
3 urban renewal areas established before, on, or after the
4 effective date of these sections of this division of this Act.

5 5. The sections of this division of this Act amending
6 section 403.19, subsections 2 and 7, take effect July 1, 2006,
7 and apply to fiscal years beginning on or after July 1, 2007.

8 6. The section of this division of this Act enacting
9 section 403.19, subsection 9, applies to urban renewal areas
10 established before, on, or after July 1, 2003.

11

EXPLANATION

12 This bill relates to economic development by creating a
13 technology transfer advisor, creating a loan and credit
14 guarantee program and fund, creating an economic development
15 marketing board, providing for a business start-up information
16 internet web site, creating a grow Iowa fund, making
17 appropriations and related tax changes, making changes to
18 urban renewal law and related taxes, and providing effective
19 and retroactive applicability dates.

20 DIVISION I -- This division of the bill relates to the
21 creation of a position of technology transfer advisor.

22 The division requires the governor to appoint two
23 technology transfer advisors located at offices at the
24 university of Iowa and Iowa state university of science and
25 technology. The division provides that the advisors shall do
26 all of the following:

27 1. Facilitate the transfer of technology developed by
28 state universities, community colleges, and private colleges
29 and universities.

30 2. Coordinate the technology transfer activities at each
31 of the public and private universities to encourage the
32 implementation of best practices in technology transfer,
33 establish measures of performance, and design programs of
34 continuous quality improvement for each technology transfer
35 office.

1 3. Establish technology transfer goals for the state.

2 4. Provide technical assistance to Iowa-based
3 entrepreneurs associated with or unrelated to the state
4 universities regarding technology transfer-related issues.

5 5. Receive the technology transfer-related report
6 submitted by the state board of regents.

7 6. Serve as a coordinator between Iowa-based businesses
8 and businesses intending to locate in Iowa.

9 The division requires the department of economic
10 development to cooperate with and provide staffing support to
11 the technology transfer advisors.

12 The division requires the state board of regents to
13 actively encourage and promote the transfer of technology and
14 research at the universities under the board's control to
15 commercial application. The division requires the state board
16 of regents to give preference and technical support to those
17 faculty members and staff members desiring to obtain licenses
18 for intellectual property rights created in whole or in part
19 by the faculty member or staff member. The division requires
20 the state board of regents to annually submit a report to the
21 general assembly and the governor regarding technology
22 transfer-related information.

23 This division of the bill is repealed July 1, 2008.

24 DIVISION II -- This division of the bill creates a loan and
25 credit guarantee program and fund.

26 The division requires the department of economic
27 development to establish and administer a loan and credit
28 guarantee program designed to, through agreements with
29 financial institutions, provide loan and credit guarantees,
30 insurance, coinsurance, and other forms of credit guarantees
31 for qualified businesses and targeted industry businesses for
32 eligible project costs. The division provides that a loan or
33 credit guarantee, insurance, coinsurance, or other form of
34 credit guarantee provided under the program to a participating
35 financial institution for a single qualified business or

1 targeted industry business shall not exceed \$1 million. Such
2 guarantees to more than one participating financial
3 institution for a single business shall not exceed \$10
4 million. The division provides that, in administering the
5 program, the department shall consult and cooperate with
6 financial institutions in this state and with the loan and
7 credit guarantee advisory board.

8 The division provides that each participating financial
9 institution shall identify and underwrite potential lending
10 opportunities with qualified businesses and targeted industry
11 businesses. The division provides that, upon a determination
12 by a participating financial institution that a qualified
13 business or targeted industry business meets the underwriting
14 standards for the approval of a loan or credit guarantee, the
15 financial institution shall submit the underwriting
16 information and a loan or credit guarantee application to the
17 department.

18 The division provides that the department shall enter into
19 an agreement with the participating financial institution upon
20 approval of an application under the program.

21 The division provides for a preliminary guarantee
22 commitment application process where a qualified business or
23 targeted industry business applies directly to the department.

24 The division allows the department to establish fees in
25 relation to the program.

26 The division requires the department, in consultation with
27 the superintendent of banking, to establish a loan and credit
28 guarantee advisory board to provide the department with
29 technical advice regarding the administration of the program.
30 The division requires the advisory board to review and provide
31 recommendations regarding all applications under the program.

32 The division creates a loan and credit guarantee fund as a
33 separate and distinct fund in the state treasury to only be
34 used for specific purposes under the program. The division
35 provides that the department shall only pledge moneys in the

1 loan and credit guarantee fund and not any other moneys of the
2 department. The division allows the department to pledge an
3 amount not to exceed a total of \$100 million of moneys in the
4 fund to assure the repayment of loan and credit guarantees or
5 other extensions of credit made under the program. The
6 division prohibits the department from pledging the credit or
7 taxing power of this state or any political subdivision of
8 this state or make debts payable out of any moneys except for
9 those in the loan and credit guarantee fund.

10 This division of the bill is repealed July 1, 2008.

11 DIVISION III -- This division of the bill creates an
12 economic development marketing board.

13 The division establishes an economic development marketing
14 board consisting of seven members and is located for
15 administrative purposes within the department. The division
16 provides that the board shall accept proposals for marketing
17 strategies for purposes of selecting a strategy for the
18 department of economic development to administer. The
19 division provides that the marketing strategies shall be
20 designed to market Iowa as a lifestyle, increase the
21 population of the state, increase the wealth of Iowans, and
22 expand and stimulate the state economy.

23 This division of the bill is repealed July 1, 2008.

24 DIVISION IV -- This division of the bill provides for a
25 business start-up information internet web site.

26 The division requires the department of economic
27 development to provide information through an internet web
28 site to assist persons interested in establishing a commercial
29 facility or engaging in a commercial activity. The division
30 requires the department to examine similar efforts in other
31 states and incorporate the best practices in developing the
32 internet web site.

33 DIVISION V -- This division of the bill creates a grow Iowa
34 fund.

35 The division appropriates moneys in the fund to all of the

1 following for all of the following purposes:

2 1. To the department of economic development for deposit
3 in the loan and credit guarantee fund, not more than \$100
4 million.

5 2. To the department of economic development for purposes
6 of administering the marketing strategy selected by the
7 economic development marketing board, not more than \$15
8 million.

9 3. To the governor's office for purposes of the technology
10 transfer agents, not more than \$300,000 per year.

11 4. To the department of economic development for purposes
12 of administering the business start-up information internet
13 web site, not more \$150,000.

14 The division provides that the fund shall consist of
15 certain sales tax revenues appropriated from the general fund
16 of the state to the department of economic development for the
17 fiscal period beginning July 1, 2003, and ending June 30,
18 2008, for deposit in the grow Iowa fund. The sales tax
19 revenues appropriated from the general fund result from
20 delaying the phasing out over a number of years of a sales tax
21 on the sale, furnishing, or service of residential metered gas
22 and electricity and the sale, furnishing, or service of fuel
23 for purposes of residential energy and the delivery of the
24 fuel.

25 DIVISION VI -- This division of the bill makes several
26 changes to the urban renewal and tax increment financing law.

27 The division provides that cities having a population of
28 less than 2,000 shall be audited for each fiscal year ending
29 on or after June 30, 2004, if the city has established an
30 urban renewal area and the incremental valuation for purposes
31 of dividing revenue is \$1 million or more. Currently, cities
32 with a population of 700 but less than 2,000 have their
33 accounts audited every four years and cities of less than 700
34 population are not audited except under certain circumstances.

35 The division limits the amount of taxable valuation in an

1 urban renewal increment in municipalities of 20,000 or less to
2 an amount equal to 20 percent of the total taxable valuation
3 in the municipality. The division limits the amount of
4 taxable valuation in an urban renewal increment in
5 municipalities of over 20,000 to an amount equal to 10 percent
6 of the total taxable valuation in the municipality. However,
7 the division provides that if all or a portion of the
8 valuation reduced because of the limitation is needed to pay
9 debt incurred before July 1, 2004, the municipality may
10 capture that value needed. This section of the division takes
11 effect July 1, 2003, and applies retroactively to the
12 assessment year beginning January 1, 2003, for urban renewal
13 areas established before, on, or after the effective date.

14 The division provides that a city proposing an urban
15 renewal plan, or amending an existing plan, shall not proceed
16 unless the affected taxing entities that are counties, by
17 resolution, approve the proposed plan or amendment. The
18 division also provides that a project may be added to a plan
19 or territory added to or severed from an urban renewal area
20 only by an amendment to the urban renewal plan. This portion
21 of the division takes effect upon enactment and applies to
22 urban renewal plans proposed on or after the effective date
23 and to amendments to any urban renewal plan, if such
24 amendments are proposed on or after the effective date.

25 The division limits urban renewal areas to 20 years in
26 duration counting from July 1 of the first fiscal year in
27 which the municipality receives moneys from a division of
28 revenue. However, the duration of an urban renewal area
29 established before July 1, 2003, is 20 years from the first
30 fiscal year the municipality receives moneys from a division
31 of revenue or the year in which indebtedness is retired,
32 whichever is later. This portion of the division takes effect
33 July 1, 2003, and applies to urban renewal areas established
34 before, on, or after the effective date of this portion of the
35 bill.

1 The division defines "indebtedness" to include a written
2 agreement to suspend, abate, exempt, rebate, refund, or
3 reimburse property taxes or to provide a grant for property
4 taxes paid. This portion of the division takes effect July 1,
5 2003, and applies to urban renewal plans adopted, and urban
6 renewal areas established, before, on, or after the effective
7 date. Effective for fiscal years beginning on or after July
8 1, 2005, the division prohibits the use of such agreements for
9 property taxes on retail property.

10 The division amends the definition of "urban renewal
11 project" to provide that it does not include activities or
12 undertakings relating to a business which is or will be
13 located in the area of operation of a municipality if the
14 business has closed or reduced its operation in one area of
15 the state and relocated substantially the same operation into
16 the area of operation of the municipality. This portion of
17 the division takes effect July 1, 2003, and applies to urban
18 renewal plans adopted, and urban renewal areas established,
19 before, on, or after the effective date.

20 The division provides that, beginning with fiscal years
21 beginning on or after July 1, 2007, the foundation property
22 tax (\$5.40 per \$1,000 of assessed value of taxable property)
23 imposed on property in an urban renewal area will not be
24 divided and paid to a municipality.

25 The division specifies that a municipality shall certify by
26 December 1 of each year the amount of loans, advances,
27 indebtedness, or bonds which qualify for payment from a
28 division of revenue for the following fiscal year. The
29 division also requires that the municipality certify the total
30 amount of outstanding loans, advances, indebtedness, or bonds
31 which qualify for payment from divided revenues. This portion
32 of the division takes effect July 1, 2003, and applies to
33 urban renewal areas established before, on, or after the
34 effective date.

35 The division provides that the assessment limitation (i.e.,

1 rollback) amount shall be subtracted from the increment value
2 amount and the base value amount in the proportion that the
3 value of each bears to the total value of the property in the
4 urban renewal area if it is an urban renewal area established
5 pursuant to an urban renewal plan adopted on or after July 1,
6 2003, or if it is territory amended into an urban renewal area
7 established pursuant to an urban renewal plan adopted before
8 July 1, 2003, if such amendment was approved on or after July
9 1, 2003.

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